

# HOUSE BILL No. 1522

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-28-9-16; IC 6-1.1; IC 6-2.5; IC 6-3.5; IC 6-8.1-15; IC 12-7-2; IC 12-13; IC 12-16; IC 12-19; IC 16-35; IC 20-12-14-2; IC 20-18-2-1.5; IC 20-24-7; IC 20-26-11; IC 20-31-11-6; IC 20-40-8-1; IC 20-43; IC 20-44; IC 20-45; IC 20-46; IC 20-49; IC 31-40-1; IC 36-7-15.1-26.9; IC 36-10-13.

**Synopsis:** Various tax and state administration matters. Eliminates the power of a school corporation to impose a property tax levy for the school corporation's general fund or a charter school after 2007. Extends the school funding formula for one year, and requires the state to pay the local contribution for school corporations and charter schools that was previously paid from the general fund levy. Eliminates the limitation on the maximum state distribution under the school funding formula. Eliminates the requirements concerning a minimum distribution from the state property tax replacement fund. Eliminates the authority of Dearborn County and Lake County to impose a county supplemental school financing property tax levy, and reduces the maximum permissible levy that may be imposed in each county by the amount of the county supplemental school financing property tax levy imposed in 2007. Provides for replacement of the revenues lost to an area in which a tax increment financing arrangement is in place as a result of the elimination of property tax levies for each school corporation's general fund. Makes related changes. Requires the state to: (1) finance the county family and children's fund and the children's psychiatric residential treatment services fund; and (2) pay for: (A) medical assistance to wards; (B) hospital care for the indigent; and (C) services provided to children with special health care needs. Removes  
(Continued next page)

**Effective:** Upon passage; July 1, 2007; January 1, 2008.

**Murphy**

January 23, 2007, read first time and referred to Committee on Ways and Means.



C  
o  
p  
y

the authority for a county to levy property taxes for any of the listed services or funds. Repeals the following state and county funds: (1) The medical assistance to wards funds. (2) The children with special health care needs funds. (3) The hospital care for the indigent funds. Makes conforming changes. Provides that transactions involving the sale of utility service to a person in Indiana for domestic, commercial, or industrial use are exempt from the state gross retail tax. Makes conforming amendments in the statutes governing the taxing situs of: (1) nonmobile telecommunications service; and (2) mobile telecommunications service. Repeals obsolete provisions: (1) providing a state gross retail tax exemption for sales of home energy through the state's home energy assistance program; and (2) subjecting sales of certain prepaid calling services to the state gross retail tax. Allows the department of state revenue to adopt emergency rules to implement the state gross retail tax exemption for sales of utility service.

**C  
o  
p  
y**



Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1522

A BILL FOR AN ACT to amend the Indiana Code concerning state administration and taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 5-28-9-16, AS AMENDED BY P.L.2-2006,  
2       SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2008]: Sec. 16. A qualified entity receiving a loan under  
4       this chapter may levy an annual tax on personal and real property  
5       located within the qualified entity's geographical limits for industrial  
6       development purposes, in addition to any other tax authorized by  
7       statute to be levied for such purposes, at a rate that will produce  
8       sufficient revenue to pay the annual installment and interest on a loan  
9       made under this chapter. The tax may be in addition to the maximum  
10      annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5, ~~IC 20-45-3~~, and  
11      other statutes.

12      SECTION 2. IC 6-1.1-1-3, AS AMENDED BY P.L.2-2006,  
13      SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
14      JANUARY 1, 2008]: Sec. 3. (a) Except as provided in subsection (b),  
15      "assessed value" or "assessed valuation" means an amount equal to:



C  
O  
P  
Y

- (1) for assessment dates before March 1, 2001, thirty-three and one-third percent (33 1/3%) of the true tax value of property; and  
 (2) for assessment dates after February 28, 2001, the true tax value of property.

(b) For purposes of calculating a budget, rate, or levy under IC 6-1.1-17, IC 6-1.1-18, IC 6-1.1-18.5, IC 6-1.1-20, ~~IC 20-45-3~~, IC 20-46-4, IC 20-46-5, and IC 20-46-6, "assessed value" or "assessed valuation" does not include the assessed value of tangible property excluded and kept separately on a tax duplicate by a county auditor under IC 6-1.1-17-0.5.

SECTION 3. IC 6-1.1-12.4-4, AS ADDED BY P.L.193-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. A property owner may not receive a deduction under this chapter with respect to real property or personal property located in an allocation area (as defined in ~~IC 6-1.1-21.2-3~~): **IC 6-1.1-21.3-3**).

SECTION 4. IC 6-1.1-17-3, AS AMENDED BY P.L.162-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. The political subdivision shall give notice by publication to taxpayers of:

- (1) the estimated budget;
- (2) the estimated maximum permissible levy;
- (3) the current and proposed tax levies of each fund; and
- (4) the amounts of excessive levy appeals to be requested.

In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing. Beginning in 2009, the duties required by this subsection must be completed before August 10 of the calendar year. A political subdivision shall provide the estimated budget and levy information required for the notice under subsection (b) to the county auditor on the schedule determined by the department of local government finance.

(b) Beginning in 2009, before August 10 of a calendar year, the county auditor shall mail to the last known address of each person liable for any property taxes, as shown on the tax duplicate, or to the last known address of the most recent owner shown in the transfer book, a statement that includes:

- (1) the assessed valuation as of the assessment date in the current

C  
o  
p  
y



1 calendar year of tangible property on which the person will be  
 2 liable for property taxes first due and payable in the immediately  
 3 succeeding calendar year and notice to the person of the  
 4 opportunity to appeal the assessed valuation under  
 5 IC 6-1.1-15-1(b);

6 (2) the amount of property taxes for which the person will be  
 7 liable to each political subdivision on the tangible property for  
 8 taxes first due and payable in the immediately succeeding  
 9 calendar year, taking into account all factors that affect that  
 10 liability, including:

11 (A) the estimated budget and proposed tax rate and tax levy  
 12 formulated by the political subdivision under subsection (a);

13 (B) any deductions or exemptions that apply to the assessed  
 14 valuation of the tangible property;

15 (C) any credits that apply in the determination of the tax  
 16 liability; and

17 (D) the county auditor's best estimate of the effects on the tax  
 18 liability that might result from actions of the county board of  
 19 tax adjustment or the department of local government finance;

20 (3) a prominently displayed notation that:

21 (A) the estimate under subdivision (2) is based on the best  
 22 information available at the time the statement is mailed; and

23 (B) based on various factors, including potential actions by the  
 24 county board of tax adjustment or the department of local  
 25 government finance, it is possible that the tax liability as  
 26 finally determined will differ substantially from the estimate;

27 (4) comparative information showing the amount of property  
 28 taxes for which the person is liable to each political subdivision  
 29 on the tangible property for taxes first due and payable in the  
 30 current year; and

31 (5) the date, time, and place at which the political subdivision will  
 32 hold a public hearing on the political subdivision's estimated  
 33 budget and proposed tax rate and tax levy as required under  
 34 subsection (a).

35 (c) The department of local government finance shall:

36 (1) prescribe a form for; and

37 (2) provide assistance to county auditors in preparing;

38 statements under subsection (b). Mailing the statement described in  
 39 subsection (b) to a mortgagee maintaining an escrow account for a  
 40 person who is liable for any property taxes shall not be construed as  
 41 compliance with subsection (b).

42 (d) The board of directors of a solid waste management district

C  
o  
p  
y



established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):

- (1) in any county of the solid waste management district; and
- (2) in accordance with the annual notice of meetings published under IC 13-21-5-2.

(e) The trustee of each township in the county shall estimate the amount necessary to meet the cost of township assistance in the township for the ensuing calendar year. The township board shall adopt with the township budget a tax rate sufficient to meet the estimated cost of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

(f) A county shall adopt with the county budget and the department of local government finance shall certify under section 16 of this chapter a tax rate sufficient to raise the levy necessary to pay the following:

- (1) The cost of child services (as defined in IC 12-19-7-1) of the county payable from the family and children's fund;
- (2) The cost of children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1) of the county payable from the children's psychiatric residential treatment services fund;

A budget, tax rate, or tax levy adopted by a county fiscal body or approved or modified by a county board of tax adjustment that is less than the levy necessary to pay the costs described in subdivision (1) or (2) shall not be treated as a final budget, tax rate, or tax levy under section 11 of this chapter.

SECTION 5. IC 6-1.1-17-8, AS AMENDED BY P.L.2-2006, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8. (a) If the county board of tax adjustment determines that the maximum aggregate tax rate permitted within a political subdivision under IC 6-1.1-18 is inadequate, the county board shall subject to the limitations prescribed in IC 20-45-4, file its written recommendations in duplicate with the county auditor. The board shall include with its recommendations:

- (1) an analysis of the aggregate tax rate within the political subdivision;
- (2) a recommended breakdown of the aggregate tax rate among the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision; and
- (3) any other information that the county board considers relevant to the matter.

(b) The county auditor shall forward one (1) copy of the county

C  
o  
p  
y



board's recommendations to the department of local government finance and shall retain the other copy in the county auditor's office. The department of local government finance shall, in the manner prescribed in section 16 of this chapter, review the budgets by fund, tax rates, and tax levies of the political subdivisions described in subsection (a)(2).

SECTION 6. IC 6-1.1-17-16, AS AMENDED BY P.L.2-2006, SECTION 38, AS AMENDED BY P.L.154-2006, SECTION 44, AND AS AMENDED BY P.L.169-2006, SECTION 9, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 16. (a) Subject to the limitations and requirements prescribed in this section, the department of local government finance may revise, reduce, or increase a political subdivision's budget by fund, tax rate, or tax levy which the department reviews under section 8 or 10 of this chapter.

(b) Subject to the limitations and requirements prescribed in this section, the department of local government finance may review, revise, reduce, or increase the budget by fund, tax rate, or tax levy of any of the political subdivisions whose tax rates compose the aggregate tax rate within a political subdivision whose budget, tax rate, or tax levy is the subject of an appeal initiated under this chapter.

(c) Except as provided in subsections (j) and (k), before the department of local government finance reviews, revises, reduces, or increases a political subdivision's budget by fund, tax rate, or tax levy under this section, the department must hold a public hearing on the budget, tax rate, and tax levy. The department of local government finance shall hold the hearing in the county in which the political subdivision is located. The department of local government finance may consider the budgets by fund, tax rates, and tax levies of several political subdivisions at the same public hearing. At least five (5) days before the date fixed for a public hearing, the department of local government finance shall give notice of the time and place of the hearing and of the budgets by fund, levies, and tax rates to be considered at the hearing. The department of local government finance shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the department of local government finance shall publish the notice in that newspaper.

(d) Except as provided in subsection (i), ~~IC 6-1.1-19, IC 20-45,~~ IC 20-46, or IC 6-1.1-18.5, the department of local government finance may not increase a political subdivision's budget by fund, tax rate, or tax levy to an amount which exceeds the amount originally fixed by the

C  
o  
p  
y



political subdivision. *However, if the department of local government finance determines that IC 5-3-1-2.3(b) applies to the tax rate, tax levy, or budget of the political subdivision, the maximum amount by which the department may increase the tax rate, tax levy, or budget is the amount originally fixed by the political subdivision, and not the amount that was incorrectly published or omitted in the notice described in IC 5-3-1-2.3(b).* The department of local government finance shall give the political subdivision written notification specifying any revision, reduction, or increase the department proposes in a political subdivision's tax levy or tax rate. The political subdivision has ~~one (1) week~~ two (2) weeks from the date the political subdivision receives the notice to provide a written response to the department of local government finance's Indianapolis office. ~~specifying how to make the required reductions in the amount budgeted by fund.~~ The response may include budget reductions, reallocation of levies, a revision in the amount of miscellaneous revenues, and further review of any other item about which, in the view of the political subdivision, the department is in error. The department of local government finance shall ~~make reductions~~ consider the adjustments as specified in the political subdivision's response if the response is provided as required by this subsection and ~~sufficiently specifies all necessary reductions.~~ ~~The department of local government finance may make a revision, a reduction, or an increase in a political subdivision's budget only by fund.~~ shall deliver a final decision to the political subdivision.

(e) The department of local government finance may not approve a levy for lease payments by a city, town, county, library, or school corporation if the lease payments are payable to a building corporation for use by the building corporation for debt service on bonds and if:

- (1) no bonds of the building corporation are outstanding; or
- (2) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested.

(f) The department of local government finance shall certify its action to:

- (1) the county auditor;
- (2) the political subdivision if the department acts pursuant to an appeal initiated by the political subdivision;
- (3) the ~~taxpayer that initiated an appeal under section 13 of this chapter, or, if the appeal was initiated by multiple taxpayers, the first ten (10) taxpayers whose names appear on a petition filed under section 13 of this chapter,~~ the statement filed to initiate the appeal; and

C  
o  
p  
y





(4) a taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision.

(g) The following may petition for judicial review of the final determination of the department of local government finance under subsection (f):

(1) If the department acts under an appeal initiated by a political subdivision, the political subdivision.

(2) If the department:

(A) acts under an appeal initiated by *one (1) or more* taxpayers under section 13 of this chapter; *or*

(B) *fails to act on the appeal before the department certifies its action under subsection (f);*

a taxpayer who signed the ~~*petition under that section*~~ statement filed to initiate the appeal.

(3) If the department acts under an appeal initiated by the county auditor under section 14 of this chapter, the county auditor.

(4) A taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision.

The petition must be filed in the tax court not more than forty-five (45) days after the department certifies its action under subsection (f).

(h) The department of local government finance is expressly directed to complete the duties assigned to it under this section not later than February 15th of each year for taxes to be collected during that year.

(i) Subject to the provisions of all applicable statutes, the department of local government finance may increase a political subdivision's tax levy to an amount that exceeds the amount originally fixed by the political subdivision if the increase is:

(1) requested in writing by the officers of the political subdivision;

(2) either:

(A) based on information first obtained by the political subdivision after the public hearing under section 3 of this chapter; or

(B) results from an inadvertent mathematical error made in determining the levy; and

(3) published by the political subdivision according to a notice provided by the department.

(j) The department of local government finance shall annually review the budget by fund of each school corporation not later than

C  
O  
P  
Y



April 1. The department of local government finance shall give the school corporation written notification specifying any revision, reduction, or increase the department proposes in the school corporation's budget by fund. A public hearing is not required in connection with this review of the budget.

(k) The department of local government finance may hold a hearing under subsection (c) only if the notice required in ~~IC 6-1.1-17-12~~ **section 12 of this chapter** is published at least ten (10) days before the date of the hearing.

SECTION 7. IC 6-1.1-17-17, AS AMENDED BY P.L.2-2006, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 17. Subject to the limitations contained in IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, and IC 20-46, the department of local government finance may at any time increase the tax rate and tax levy of a political subdivision for the following reasons:

(1) To pay the principal or interest upon a funding, refunding, or judgment funding obligation of a political subdivision.

(2) To pay the interest or principal upon an outstanding obligation of the political subdivision.

(3) To pay a judgment rendered against the political subdivision.

(4) To pay lease rentals that have become an obligation of the political subdivision under IC 20-47-2 or IC 20-47-3.

SECTION 8. IC 6-1.1-17-19, AS AMENDED BY P.L.2-2006, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 19. If there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, or IC 20-46, the provisions of IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, and IC 20-46 control with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax levies.

SECTION 9. IC 6-1.1-18-3, AS AMENDED BY P.L.2-2006, SECTION 41, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates

C  
o  
p  
y



which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

~~(6) To meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1).~~

~~(7) To meet the requirements of the county hospital care for the indigent fund.~~

~~(8) To meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1).~~

(c) Except as otherwise provided in IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, or IC 20-46, a county board of tax adjustment, a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 10. IC 6-1.1-18-11, AS AMENDED BY P.L.2-2006, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. If there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, or IC 20-46, the provisions of IC 6-1.1-19, IC 6-1.1-18.5, ~~IC 20-45~~, and IC 20-46 control with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax

C  
o  
p  
y



levies.

SECTION 11. IC 6-1.1-18.5-9.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9.7. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed under ~~any of the following:~~

(1) ~~IC 12-16, except IC 12-16-1.~~

(2) ~~IC 12-19-5.~~

(3) ~~IC 12-19-7.~~

(4) ~~IC 12-19-7.5.~~

(5) IC 12-20-24.

(b) For purposes of computing the ad valorem property tax levy limits imposed under section 3 of this chapter, a county's or township's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed under ~~the citations listed in subsection (a): IC 12-20-24.~~

~~(c) Section 8(b) of this chapter does not apply to bonded indebtedness that will be repaid through property taxes imposed under IC 12-19.~~

SECTION 12. IC 6-1.1-19-1, AS AMENDED BY P.L.2-2006, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. The following definitions apply throughout this chapter:

(1) "Appeal" refers to an appeal taken to the department of local government finance by or in respect of a school corporation under any of the following:

(A) IC 6-1.1-17.

(B) This chapter.

~~(C) IC 20-45.~~

~~(D)~~ (C) IC 20-46.

(2) "Tax control board" means the school property tax control board established by section 4.1 of this chapter.

SECTION 13. IC 6-1.1-19-3, AS AMENDED BY P.L.2-2006, SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) When an appeal is taken to the department of local government finance, the department may exercise the powers described in IC 6-1.1-17 to revise, change, or increase the budget, tax levy, or tax rate of the appellant school corporation subject to this chapter ~~IC 20-45,~~ and IC 20-46.

(b) The department of local government finance may not exercise any of the powers described in subsection (a) until it receives, regarding the appellant school corporation's budget, tax levy, or tax

C  
o  
p  
y



rate, the recommendation of the tax control board.

SECTION 14. IC 6-1.1-20-1.1, AS AMENDED BY P.L.2-2006, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1.1. As used in this chapter, "controlled project" means any project financed by bonds or a lease, except for the following:

(1) A project for which the political subdivision reasonably expects to pay:

(A) debt service; or

(B) lease rentals;

from funds other than property taxes that are exempt from the levy limitations of IC 6-1.1-18.5. ~~or IC 20-45-3.~~ A project is not a controlled project even though the political subdivision has pledged to levy property taxes to pay the debt service or lease rentals if those other funds are insufficient.

(2) A project that will not cost the political subdivision more than two million dollars (\$2,000,000).

(3) A project that is being refinanced for the purpose of providing gross or net present value savings to taxpayers.

(4) A project for which bonds were issued or leases were entered into before January 1, 1996, or where the state board of tax commissioners has approved the issuance of bonds or the execution of leases before January 1, 1996.

(5) A project that is required by a court order holding that a federal law mandates the project.

SECTION 15. IC 6-1.1-20-1.3, AS AMENDED BY P.L.2-2006, SECTION 53, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1.3. As used in this chapter, "lease" means a lease by a political subdivision of any controlled project with lease rentals payable from property taxes that are exempt from the levy limitations of IC 6-1.1-18.5. ~~or IC 20-45-3.~~

SECTION 16. IC 6-1.1-20-3.1, AS AMENDED BY P.L.2-2006, SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3.1. A political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

(1) The proper officers of a political subdivision shall:

(A) publish notice in accordance with IC 5-3-1; and

(B) send notice by first class mail to any organization that delivers to the officers, before January 1 of that year, an annual written request for such notices;

of any meeting to consider adoption of a resolution or an

C  
o  
p  
y



ordinance making a preliminary determination to issue bonds or enter into a lease and shall conduct a public hearing on a preliminary determination before adoption of the resolution or ordinance.

(2) When the proper officers of a political subdivision make a preliminary determination to issue bonds or enter into a lease, the officers shall give notice of the preliminary determination by:

(A) publication in accordance with IC 5-3-1; and

(B) first class mail to the organizations described in subdivision (1)(B).

(3) A notice under subdivision (2) of the preliminary determination of the political subdivision to issue bonds or enter into a lease must include the following information:

(A) The maximum term of the bonds or lease.

(B) The maximum principal amount of the bonds or the maximum lease rental for the lease.

(C) The estimated interest rates that will be paid and the total interest costs associated with the bonds or lease.

(D) The purpose of the bonds or lease.

(E) A statement that any owners of real property within the political subdivision who want to initiate a petition and remonstrance process against the proposed debt service or lease payments must file a petition that complies with subdivisions (4) and (5) not later than thirty (30) days after publication in accordance with IC 5-3-1.

(F) With respect to bonds issued or a lease entered into to open:

(i) a new school facility; or

(ii) an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space;

the estimated costs the school corporation expects to incur annually to operate the facility.

~~(G) A statement of whether the school corporation expects to appeal for a new facility adjustment (as defined in IC 20-45-1-16) for an increased maximum permissible tuition support levy to pay the estimated costs described in clause (F).~~

(4) After notice is given, a petition requesting the application of a petition and remonstrance process may be filed by the lesser of:

(A) one hundred (100) owners of real property within the political subdivision; or

(B) five percent (5%) of the owners of real property within the

C  
o  
p  
y



1 political subdivision.  
 2 (5) The state board of accounts shall design and, upon request by  
 3 the county auditor, deliver to the county auditor or the county  
 4 auditor's designated printer the petition forms to be used solely in  
 5 the petition process described in this section. The county auditor  
 6 shall issue to an owner or owners of real property within the  
 7 political subdivision the number of petition forms requested by  
 8 the owner or owners. Each form must be accompanied by  
 9 instructions detailing the requirements that:

- 10 (A) the carrier and signers must be owners of real property;
- 11 (B) the carrier must be a signatory on at least one (1) petition;
- 12 (C) after the signatures have been collected, the carrier must
- 13 swear or affirm before a notary public that the carrier
- 14 witnessed each signature; and
- 15 (D) govern the closing date for the petition period.

16 Persons requesting forms may not be required to identify  
 17 themselves and may be allowed to pick up additional copies to  
 18 distribute to other property owners.

19 (6) Each petition must be verified under oath by at least one (1)  
 20 qualified petitioner in a manner prescribed by the state board of  
 21 accounts before the petition is filed with the county auditor under  
 22 subdivision (7).

23 (7) Each petition must be filed with the county auditor not more  
 24 than thirty (30) days after publication under subdivision (2) of the  
 25 notice of the preliminary determination.

26 (8) The county auditor must file a certificate and each petition  
 27 with:

28 (A) the township trustee, if the political subdivision is a  
 29 township, who shall present the petition or petitions to the  
 30 township board; or

31 (B) the body that has the authority to authorize the issuance of  
 32 the bonds or the execution of a lease, if the political  
 33 subdivision is not a township;

34 within fifteen (15) business days of the filing of the petition  
 35 requesting a petition and remonstrance process. The certificate  
 36 must state the number of petitioners that are owners of real  
 37 property within the political subdivision.

38 If a sufficient petition requesting a petition and remonstrance process  
 39 is not filed by owners of real property as set forth in this section, the  
 40 political subdivision may issue bonds or enter into a lease by following  
 41 the provisions of law relating to the bonds to be issued or lease to be  
 42 entered into.

C  
o  
p  
y



SECTION 17. IC 6-1.1-20.9-2, AS AMENDED BY P.L.162-2006, SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) The amount of the credit to which the individual is entitled equals the product of:

- (1) the percentage prescribed in subsection (d); multiplied by
- (2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is:

(A) attributable to the homestead during the particular calendar year; and

(B) determined after the application of the property tax replacement credit under IC 6-1.1-21.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2002	10%
2003 through 2005	20%
2006	28%
2007 and thereafter	20%

However, the property tax replacement fund board established under IC 6-1.1-21-10 shall increase the percentage of the credit provided in the schedule for any year if the budget agency determines that an increase is necessary to provide the minimum tax relief authorized under IC 6-1.1-21-2.5. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the

C  
o  
p  
y





credit for the immediately following year is the percentage provided in the schedule for that particular year; unless as provided in this subsection the board must increase the percentage of the credit provided in the schedule for that particular year. However, the percentage credit allowed in a particular county for a particular year shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

(e) Before October 1 of each year, the assessor shall furnish to the county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

(f) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.

(g) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

- (1) an individual uses the residence as the individual's principal place of residence;
- (2) the residence is located in Indiana;
- (3) the individual has a beneficial interest in the taxpayer;
- (4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and
- (5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

SECTION 18. IC 6-1.1-21-2, AS AMENDED BY P.L.67-2006, SECTION 4, AND AS AMENDED BY P.L.2-2006, SECTION 57, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5 is to be filed *on or before*

C  
o  
p  
y



~~March 1~~ of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county) (*before its repeal*); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 (repealed) were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6

C  
o  
p  
y



(repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 (repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 (*before its repeal*) or IC 20-46-6 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 (*before its repeal*) or IC 20-46-3 for a racial balance fund; plus

(iii) IC 36-12-12 for a library capital projects fund; plus

(iv) IC 36-10-13-7 for an art association fund; plus

(v) IC 21-2-17 (*before its repeal*) or IC 20-46-2 for a special education preschool fund; plus

(vi) IC 21-2-11.6 (*before its repeal*) or IC 20-46-1 for a referendum tax levy fund; plus

~~(vii) an appeal filed under IC 6-1.1-19-5.1 (*before its repeal*) or IC 20-45-6-8 for an increase in a school corporation's maximum permissible *general fund tuition support* levy for certain transfer tuition costs; plus~~

~~(viii) (vii) an appeal filed under IC 6-1.1-19-5.4 (*before its repeal*) or IC 20-46-4-10 for an increase in a school corporation's maximum permissible *general transportation* fund levy for transportation operating costs; minus~~

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage ~~after 1983~~ of a referendum for an excessive tax levy under ~~IC 6-1.1-19-4.5~~ IC 6-1.1-19-4.5 (*before its repeal*) including any increases in these property taxes that are attributable to the adjustment set

C  
o  
p  
y



1       forth in ~~IC 6-1.1-19-1.5 (before its repeal); IC 20-45-3; or any~~  
 2       other law; **and levied for a referendum tax levy fund under**  
 3       **IC 20-46-1-7; minus**

4       (I) for each township in the county, the lesser of:

5       (i) the sum of the amount determined in IC 6-1.1-18.5-19(a)  
 6       STEP THREE *(as effective January 1, 1990)* or  
 7       IC 6-1.1-18.5-19(b) STEP THREE *(as effective January 1,*  
 8       *1990)*, whichever is applicable, plus the part, if any, of the  
 9       township's ad valorem property tax levy for calendar year  
 10       1989 that represents increases in that levy that resulted from  
 11       an appeal described in IC 6-1.1-18.5-13(4) *(as effective*  
 12       *before January 1, 1989)*, filed after December 31, 1982; or  
 13       (ii) the amount of property taxes imposed in the township for  
 14       the stated assessment year under the authority of  
 15       IC 36-8-13-4; minus

16       (J) for each participating unit in a fire protection territory  
 17       established under IC 36-8-19-1, the amount of property taxes  
 18       levied by each participating unit under IC 36-8-19-8 and  
 19       IC 36-8-19-8.5 less the maximum levy limit for each of the  
 20       participating units that would have otherwise been available  
 21       for fire protection services under IC 6-1.1-18.5-3 and  
 22       IC 6-1.1-18.5-19 for that same year; ~~minus~~

23       ~~(K) for each county, the sum of:~~

24       ~~(i) the amount of property taxes imposed in the county for~~  
 25       ~~the repayment of loans under IC 12-19-5-6 (repealed) that is~~  
 26       ~~included in the amount determined under IC 12-19-7-4(a)~~  
 27       ~~STEP SEVEN *(as effective January 1, 1995)* for property~~  
 28       ~~taxes payable in 1995; or for property taxes payable in each~~  
 29       ~~year after 1995; the amount determined under~~  
 30       ~~IC 12-19-7-4(b) *(as effective before March 16, 2004)* and~~  
 31       ~~IC 12-19-7-4 *(as effective after March 15, 2004)*; and~~

32       ~~(ii) the amount of property taxes imposed in the county~~  
 33       ~~attributable to appeals granted under IC 6-1.1-18.6-3 *(before*~~  
 34       ~~*its repeal)* that is included in the amount determined under~~  
 35       ~~IC 12-19-7-4(a) STEP SEVEN *(as effective January 1,*~~  
 36       ~~*1995)* for property taxes payable in 1995; or the amount~~  
 37       ~~determined under IC 12-19-7-4(b) *(as effective before*~~  
 38       ~~*March 16, 2004)* and IC 12-19-7-4 *(as effective after March*~~  
 39       ~~*15, 2004)* for property taxes payable in each year after 1995;~~  
 40       plus

41       (2) all taxes to be paid in the county in respect to mobile home  
 42       assessments currently assessed for the year in which the taxes

C  
o  
p  
y



stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes ~~which that~~ each county auditor is required to prepare ~~on or before March 1 of~~ each year under IC 6-1.1-22-3.

(j) "Eligible property tax replacement amount" is, except as otherwise provided by law, equal to the sum of the following:

~~(1) Sixty percent (60%) of the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year.~~

~~(2) (1) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year.~~

~~(3) (2) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year.~~

(k) "Business personal property" means tangible personal property (other than real property) that is being:

(1) held for sale in the ordinary course of a trade or business; or

(2) held, used, or consumed in connection with the production of income.

(l) "Taxpayer's property tax replacement credit amount" means, except as otherwise provided by law, the sum of the following:

C  
o  
p  
y



(1) Sixty percent (60%) of a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year.

(2) (1) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property.

(3) (2) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property.

(m) "Tax liability" means tax liability as described in section 5 of this chapter.

(n) "General school operating levy" means the ad valorem property tax levy of a school corporation in a county for the school corporation's general fund.

(o) (n) "Board" refers to the property tax replacement fund board established under section 10 of this chapter.

SECTION 19. IC 6-1.1-21.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]:

**Chapter 21.3. Tax Increment Replacement for School Levies**

**Sec. 1. (a) This chapter applies to an allocation area established before January 1, 2008.**

**(b) This chapter does not apply to a part of an allocation area described under subsection (a) that is expanded after December 31, 2007.**

**Sec. 2. Except as otherwise provided, the definitions in IC 36 apply throughout this chapter.**

**Sec. 3. As used in this chapter, "allocation area" refers to an area that is established under the authority of any of the following statutes and in which tax increment revenues are collected:**

**(1) IC 8-22-3.5.**

**(2) IC 36-7-14.**

**(3) IC 36-7-14.5.**

**(4) IC 36-7-15.1.**

**(5) IC 36-7-30.**

**(6) IC 36-7-32.**

**Sec. 4. As used in this chapter, "base assessed value" means the base assessed value as that term is defined or used in:**

C  
o  
p  
y



- 1 (1) IC 8-22-3.5-9(a);
- 2 (2) IC 36-7-14-39(a);
- 3 (3) IC 36-7-14-39.3(c);
- 4 (4) IC 36-7-14.5-12.5;
- 5 (5) IC 36-7-15.1-26(a);
- 6 (6) IC 36-7-15.1-26.2(c);
- 7 (7) IC 36-7-15.1-35(a);
- 8 (8) IC 36-7-15.1-53;
- 9 (9) IC 36-7-15.1-55(c);
- 10 (10) IC 36-7-30-25(a)(2);
- 11 (11) IC 36-7-30-26(c); or
- 12 (12) IC 36-7-32-4.

13 **Sec. 5. As used in this chapter, "district" refers to:**

- 14 (1) an eligible entity (as defined in IC 8-22-3.5-2.5);
- 15 (2) a redevelopment district, for an allocation area established
- 16 under:
- 17 (A) IC 36-7-14;
- 18 (B) IC 36-7-15.1; or
- 19 (C) IC 36-7-32; or
- 20 (3) a special taxing district, as described in:
- 21 (A) IC 36-7-14.5-12.5(d); or
- 22 (B) IC 36-7-30-3(b).

23 **Sec. 6. As used in this chapter, "governing body" means the**

24 **following:**

- 25 (1) For an allocation area created under IC 8-22-3.5, the
- 26 commission (as defined in IC 8-22-3.5-2).
- 27 (2) For an allocation area created under IC 36-7-14, the
- 28 redevelopment commission.
- 29 (3) For an allocation area created under IC 36-7-14.5, the
- 30 redevelopment authority.
- 31 (4) For an allocation area created under IC 36-7-15.1, the
- 32 metropolitan development commission.
- 33 (5) For an allocation area created under IC 36-7-30, the
- 34 military base reuse authority.
- 35 (6) For an allocation area created under IC 36-7-32, the
- 36 redevelopment commission.

37 **Sec. 7. As used in this chapter, "property taxes" means:**

- 38 (1) property taxes, as used or defined in:
- 39 (A) IC 36-7-14-39(a);
- 40 (B) IC 36-7-14-39.3(c);
- 41 (C) IC 36-7-15.1-26(a);
- 42 (D) IC 36-7-15.1-26.2(c);

**C**

**O**

**P**

**Y**



- (E) IC 36-7-15.1-53(a);
- (F) IC 36-7-15.1-55(c);
- (G) IC 36-7-30-25(a)(3);
- (H) IC 36-7-30-26(c); or
- (I) IC 36-7-32-17; or

(2) for allocation areas created under IC 8-22-3.5, the taxes assessed on taxable tangible property in the allocation area.

**Sec. 8.** As used in this chapter, "special fund" means:

- (1) the special funds referred to in IC 8-22-3.5-9(e);
- (2) the allocation fund referred to in IC 36-7-14-39(b)(2);
- (3) the allocation fund referred to in IC 36-7-14.5-12.5(d);
- (4) the special fund referred to in IC 36-7-15.1-26(b)(2);
- (5) the special fund referred to in IC 36-7-15.1-53(b)(2);
- (6) the allocation fund referred to in IC 36-7-30-25(b)(2); or
- (7) a certified technology park fund established under IC 36-7-32-23.

**Sec. 9.** As used in this chapter, "tax increment replacement amount" means the tax increment replacement amount determined under section 11 of this chapter.

**Sec. 10.** As used in this chapter, "tax increment revenues" means the property taxes attributable to the assessed value of property in excess of the base assessed value.

**Sec. 11. (a)** Not later than September 1 of a year in which a general reassessment does not become effective, the governing body shall estimate the tax increment replacement amount for each allocation area under the jurisdiction of the governing body for the next calendar year. In a year in which a general reassessment becomes effective, the department of local government finance may extend the deadline under this subsection by giving written notice to the governing body before the deadline.

**(b)** The tax increment replacement amount is the amount determined in STEP THREE of the following formula:

**STEP ONE:** The governing body shall estimate the amount of tax increment revenues it would receive in the next calendar year if the property taxes with respect to the general fund levies imposed by all school corporations with jurisdiction in the allocation area were determined under IC 20-45 as in effect January 1, 2007.

**STEP TWO:** The governing body shall estimate the amount of tax increment revenues it will receive in the next calendar year after elimination of property taxes imposed for all school corporations with jurisdiction in the allocation area.

**C  
o  
p  
y**





**STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.**

**Sec. 12. (a) A tax is imposed each year on all taxable property in the district in which the governing body exercises jurisdiction.**

**(b) Except as provided in subsections (c) and (d), the tax imposed under this section shall be automatically imposed at a rate sufficient to generate the tax increment replacement amount determined under section 11(b) of this chapter for that year.**

**(c) The legislative body of the unit that established the district may:**

**(1) reduce the amount of the tax to be levied under this section; or**

**(2) determine that a tax should not be levied under this section.**

**(d) This subsection applies to a district in which the total assessed value of all allocation areas in the district is greater than ten percent (10%) of the total assessed value of the district. Except as provided in section 14(d) of this chapter, a tax levy imposed under this section may not exceed the lesser of:**

**(1) the tax increment replacement amount; or**

**(2) the amount that will result from the imposition of a rate for the tax levy that the department of local government finance estimates will cause the total tax rate in the district to be one hundred ten percent (110%) of the rate that would apply if the tax levy authorized by this chapter were not imposed for the year.**

**Sec. 13. (a) A district described in section 12(d) of this chapter may appeal to the department of local government finance for a distribution from the property tax replacement fund if the district has imposed the maximum tax levy permissible under section 12(d) of this chapter.**

**(b) The maximum amount of distribution under this section may not exceed the amount determined by subtracting the amount of the tax levied under section 12(d) of this chapter from the tax increment replacement amount determined under section 11(b) of this chapter.**

**(c) An appeal under this section must be filed before September 20 of a year.**

**Sec. 14. (a) The department of local government finance shall approve an appeal filed under section 13 of this chapter if the department determines that:**

**(1) the governing body's estimate of the tax replacement**

**C  
o  
p  
y**



amount under section 11 of this chapter is reasonable;  
 (2) a tax levy in excess of the amount determined under  
 section 12(d) of this chapter would:

(A) create a significant financial hardship on taxpayers  
 residing in the district in which the governing body  
 exercises jurisdiction;

(B) significantly reduce the benefits of elimination of  
 property tax levies for the general fund of each school  
 corporation under IC 20-45 by the general assembly in  
 2007, with respect to general fund levies imposed by all  
 school corporations with jurisdiction in the district; or

(C) have a disproportionate effect on small businesses or  
 low income families or individuals in the district; and

(3) the governing body has made reasonable efforts to limit its  
 use of the special fund for the allocation area to  
 appropriations for payments of:

(A) the principal and interest on loans or bonds;

(B) lease rentals on leases;

(C) amounts due on other contractual obligations; and

(D) additional credits described in IC 8-22-3.5-10(a),  
 IC 36-7-14-39.5(c), IC 36-7-14.5-12.5(d)(5),  
 IC 36-7-15.1-26.5(e), IC 36-7-15.1-35(d),  
 IC 36-7-30-25(b)(2)(E), or IC 36-7-32-18.

(b) In a year in which a general reassessment does not become  
 effective, the department of local government finance shall make  
 a final determination on an appeal filed under this section by  
 December 1 of the year. In a year in which a general reassessment  
 becomes effective, the department may extend the deadline under  
 this subsection by giving written notice to the appellant before the  
 deadline.

(c) If the department of local government finance approves an  
 appeal filed under section 13 of this chapter, the department shall  
 order that a distribution be made from the property tax  
 replacement fund in the amount determined under section 13(b) of  
 this chapter in the same manner as distributions are made under  
 IC 6-1.1-21-4.

(d) If the department of local government finance denies an  
 appeal filed by a district under section 13 of this chapter, or does  
 not grant the maximum permissible distribution under section  
 13(b) of this chapter, the legislative body of the unit that  
 established the district may increase the levy imposed under this  
 chapter to an amount that, when combined with any distribution

C  
o  
p  
y



received under this chapter, does not exceed the tax increment replacement amount.

**Sec. 15. (a) A tax levied under this chapter in a district shall be certified by the department of local government finance to the auditor of the county in which the district is located and shall be:**

**(1) estimated and entered upon the tax duplicates by the county auditor; and**

**(2) collected and enforced by the county treasurer; in the same manner as state and county taxes are estimated, entered, collected, and enforced.**

**(b) As the tax is collected by the county treasurer, it shall be transferred to the governing body and kept in the special fund for the allocation area.**

**(c) A tax levied under this chapter:**

**(1) is exempt from the levy limitations imposed under IC 6-1.1-18.5; and**

**(2) is not subject to IC 6-1.1-20.**

**(d) A tax levied under this chapter and the use of revenues from a tax levied under this chapter by a governing body do not create a constitutional or statutory debt, pledge, or obligation of the governing body, the district, or any unit.**

SECTION 20. IC 6-1.1-21.5-5, AS AMENDED BY P.L.2-2006, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on the loan, and the loan must be repaid not later than ten (10) years after the date on which the loan was made.

(b) The loan shall be repaid only from property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or ~~IC 20-45-3~~. **the qualified taxing unit's tuition support distribution under IC 20-43.** The payment of any installment of principal constitutes a first charge against such property tax revenues as collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay the loan is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5. ~~or IC 20-45-6.~~

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent the qualified taxing unit from repaying a loan made under this chapter before the date

C  
o  
p  
y



specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

SECTION 21. IC 6-1.1-21.7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) A taxing unit may apply for a loan under this chapter.

(b) A taxing unit qualifies for a loan under this chapter for a fund if:

(1) the United States Congress limits or terminates its authorization for a taxing unit to impose a property tax on a taxpayer;

(2) the lost revenue for at least one (1) fund, as determined under section 10, STEP THREE of this chapter, is at least five percent (5%) of the property tax revenues for the fund that the taxing unit would have received in the current year if the United States Congress had not limited or terminated payments from the taxpayer to the taxing unit, as determined under section 10, STEP TWO of this chapter; and

(3) the taxing unit appeals to the department of local government finance for emergency financial relief under this chapter in the same manner as an appeal for emergency relief under IC 6-1.1-18.5-12 or ~~IC 6-1.1-19-4.1~~. **IC 20-46-1-8.**

The appeal required under subdivision (3) may be filed at any time.

(c) A taxing unit may receive a loan to replace lost revenue only for the first five (5) years in which the taxing unit loses revenue as a result of an act of the United States Congress described in subsection (b)(1).

SECTION 22. IC 6-1.1-21.8-4, AS AMENDED BY P.L.2-2006, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. (a) The board shall determine the terms of a loan made under this chapter. However, the interest charged on the loan may not exceed the percent of increase in the United States Department of Labor Consumer Price Index for Urban Wage Earners and Clerical Workers during the most recent twelve (12) month period for which data is available as of the date that the unit applies for a loan under this chapter. In the case of a qualified taxing unit that is not a school corporation or a public library (as defined in IC 36-12-1-5), a loan must be repaid not later than ten (10) years after the date on which the loan was made. In the case of a qualified taxing unit that is a school corporation or a public library (as defined in IC 36-12-1-5), a loan must be repaid not later than eleven (11) years after the date on which the loan was made. A school corporation or a public library (as defined in IC 36-12-1-5) is not required to begin making payments to repay a loan until after June 30, 2004. The total amount of all the loans made under this chapter may not exceed twenty-eight million dollars (\$28,000,000).

C  
o  
p  
y



The board may disburse the proceeds of a loan in installments. However, not more than one-third (1/3) of the total amount to be loaned under this chapter may be disbursed at any particular time without the review of the budget committee and the approval of the budget agency.

(b) A loan made under this chapter shall be repaid only from:

(1) property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or ~~IC 20-45-3~~ **the qualified taxing unit's tuition support distribution under IC 20-43;**

(2) in the case of a school corporation, the school corporation's debt service fund; or

(3) any other source of revenues (other than property taxes) that is legally available to the qualified taxing unit.

The payment of any installment of principal constitutes a first charge against the property tax revenues described in subdivision (1) that are collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay a loan made under this chapter is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5. ~~or IC 20-45-6.~~

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section does not prohibit a qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

(f) Interest accrues on a loan made under this chapter until the date the board receives notice from the county auditor that the county has adopted at least one (1) of the following:

(1) The county adjusted gross income tax under IC 6-3.5-1.1.

(2) The county option income tax under IC 6-3.5-6.

(3) The county economic development income tax under IC 6-3.5-7.

Notwithstanding subsection (a), interest may not be charged on a loan made under this chapter if a tax described in this subsection is adopted before a qualified taxing unit applies for the loan.

SECTION 23. IC 6-1.1-21.8-5, AS AMENDED BY P.L.2-2006, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. The maximum amount that the board may loan to a qualified taxing unit is determined under STEP FOUR of the

C  
o  
p  
y



following formula:

STEP ONE: Determine the amount of the taxpayer's property taxes due and payable in November 2001 that are attributable to the qualified taxing unit as determined by the department of local government finance.

STEP TWO: Multiply the STEP ONE amount by one and thirty-one thousandths (1.031).

STEP THREE: Multiply the STEP TWO product by two (2).

STEP FOUR: Add the STEP ONE amount to the STEP THREE product.

However, in the case of a qualified taxing unit that is a school corporation, the amount determined under STEP FOUR shall be reduced by the board to the extent that the school corporation receives relief in the form of adjustments to the school corporation's assessed valuation under IC 20-45-4-7 or IC 6-1.1-17-0.5.

SECTION 24. IC 6-1.1-21.9-3, AS ADDED BY P.L.114-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) The board, not later than December 31, 2007, and after review by the budget committee, shall determine the terms of a loan made under this chapter, subject to the following:

(1) The board may not charge interest on the loan.

(2) The loan must be repaid not later than ten (10) years after the date on which the loan was made.

(3) The terms of the loan must allow for prepayment of the loan without penalty.

(4) The maximum amount of the loan that a qualifying taxing unit may receive with respect to a default described in section 1(c)(3) of this chapter on one (1) or more payments of property taxes first due and payable in a calendar year is the amount, as determined by the board, of revenue shortfall for the qualifying taxing unit that results from the default for that calendar year.

(5) The total amount of all loans under this chapter for all calendar years may not exceed thirteen million dollars (\$13,000,000).

(b) The board may disburse in installments the proceeds of a loan made under this chapter.

(c) A qualified taxing unit may repay a loan made under this chapter from any of the following:

(1) Property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5. or IC 6-1.1-19.

(2) Property tax revenues of the qualified taxing unit that are not

C  
o  
p  
y



subject to levy limitations as provided in IC 6-1.1-18.5-21 or ~~IC 6-1.1-19-13~~; **the qualified taxing unit's tuition support distribution under IC 20-43.**

(3) The qualified taxing unit's debt service fund.

(4) Any other source of revenues (other than property taxes) that is legally available to the qualified taxing unit.

The payment of any installment on a loan made under this chapter constitutes a first charge against the property tax revenues described in subdivision (1) or (2) that are collected by the qualified taxing unit during the calendar year the installment is due and payable.

(d) The obligation to repay a loan made under this chapter is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5. ~~or IC 6-1.1-19-17.~~

(e) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

SECTION 25. IC 6-1.1-21.9-4, AS ADDED BY P.L.114-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. (a) As used in this section, "delinquent tax" means any tax not paid during the calendar year in which the tax was first due and payable.

(b) Except as provided in subsection (c), the following are not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17: ~~and IC 6-1.1-19-1.7.~~

(1) The proceeds of a loan received by the qualified taxing unit under this chapter.

(2) The receipt by a qualified taxing unit of any payment of delinquent tax owed by a qualified taxpayer.

(c) Delinquent tax owed by a qualified taxpayer received by a qualified taxing unit:

(1) must first be used toward the retirement of an outstanding loan made under this chapter; and

(2) is considered, only to the extent that the amount received exceeds the amount of the outstanding loan, to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17. ~~and IC 6-1.1-19-1.7.~~

(d) If a qualified taxpayer pays delinquent tax during the term of repayment of an outstanding loan made under this chapter, the

C  
o  
p  
y



1 remaining loan balance is repayable in equal installments over the  
2 remainder of the original term of repayment.

3 (e) Proceeds of a loan made under this chapter may be expended by  
4 a qualified taxing unit only to pay obligations of the qualified taxing  
5 unit that have been incurred under appropriations for operating  
6 expenses made by the qualified taxing unit and approved by the  
7 department of local government finance.

8 SECTION 26. IC 6-1.1-22-3, AS AMENDED BY P.L.67-2006,  
9 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 JANUARY 1, 2008]: Sec. 3. (a) Except as provided in subsection (b),  
11 the auditor of each county shall, before March 15 of each year, prepare  
12 a roll of property taxes payable in that year for the county. This roll  
13 shall be known as the "tax duplicate" and shall show:

- 14 (1) the value of all the assessed property of the county;
- 15 (2) the person liable for the taxes on the assessed property; and
- 16 (3) any other information that the state board of accounts, with the  
17 advice and approval of the department of local government  
18 finance, may prescribe.

19 (b) If the county auditor receives a copy of an appeal petition under  
20 IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ before the county auditor  
21 completes preparation of the tax duplicate under subsection (a), the  
22 county auditor shall complete preparation of the tax duplicate when the  
23 appeal is resolved by the department of local government finance.

24 (c) If the county auditor receives a copy of an appeal petition under  
25 IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ after the county auditor  
26 completes preparation of the tax duplicate under subsection (a), the  
27 county auditor shall prepare a revised tax duplicate when the appeal is  
28 resolved by the department of local government finance that reflects  
29 the action of the department.

30 (d) The county auditor shall comply with the instructions issued by  
31 the state board of accounts for the preparation, preservation, alteration,  
32 and maintenance of the tax duplicate. The county auditor shall deliver  
33 a copy of the tax duplicate prepared under subsection (a) to the county  
34 treasurer when preparation of the tax duplicate is completed.

35 SECTION 27. IC 6-1.1-22-5, AS AMENDED BY P.L.67-2006,  
36 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
37 JANUARY 1, 2008]: Sec. 5. (a) Except as provided in subsections (b)  
38 and (c), on or before March 15 of each year, the county auditor shall  
39 prepare and deliver to the auditor of state and the county treasurer a  
40 certified copy of an abstract of the property, assessments, taxes,  
41 deductions, and exemptions for taxes payable in that year in each  
42 taxing district of the county. The county auditor shall prepare the

C  
o  
p  
y





abstract in such a manner that the information concerning property tax deductions reflects the total amount of each type of deduction. The abstract shall also contain a statement of the taxes and penalties unpaid in each taxing unit at the time of the last settlement between the county auditor and county treasurer and the status of these delinquencies. The county auditor shall prepare the abstract on the form prescribed by the state board of accounts. The auditor of state, county auditor, and county treasurer shall each keep a copy of the abstract as a public record.

(b) If the county auditor receives a copy of an appeal petition under IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ before the county auditor prepares and delivers the certified copy of the abstract under subsection (a), the county auditor shall prepare and deliver the certified copy of the abstract when the appeal is resolved by the department of local government finance.

(c) If the county auditor receives a copy of an appeal petition under IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ after the county auditor prepares and delivers the certified copy of the abstract under subsection (a), the county auditor shall prepare and deliver a certified copy of a revised abstract when the appeal is resolved by the department of local government finance that reflects the action of the department.

SECTION 28. IC 6-1.1-22-9, AS AMENDED BY P.L.67-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. (a) Except as provided in subsections (b) and (c) the property taxes assessed for a year under this article are due in two (2) equal installments on May 10 and November 10 of the following year.

(b) Subsection (a) does not apply if any of the following apply to the property taxes assessed for the year under this article:

- (1) Subsection (c).
- (2) Subsection (d).
- (3) IC 6-1.1-7-7.
- (4) Section 9.5 of this chapter.

(c) A county council may adopt an ordinance to require a person to pay the person's property tax liability in one (1) installment, if the tax liability for a particular year is less than twenty-five dollars (\$25). If the county council has adopted such an ordinance, then whenever a tax statement mailed under section 8 of this chapter shows that the person's property tax liability for a year is less than twenty-five dollars (\$25) for the property covered by that statement, the tax liability for that year is due in one (1) installment on May 10 of that year.

(d) If the county treasurer receives a copy of an appeal petition under IC 6-1.1-18.5-12(g) ~~or IC 6-1.1-19-2(g)~~ before the county

C  
o  
p  
y



1 treasurer mails or transmits statements under section 8(a) of this  
2 chapter, the county ~~auditor~~ **treasurer** may:

3 (1) mail or transmit the statements without regard to the pendency  
4 of the appeal and, if the resolution of the appeal by the department  
5 of local government finance results in changes in levies, mail or  
6 transmit reconciling statements under subsection (e); or

7 (2) delay the mailing or transmission of statements under section  
8 8(a) of this chapter so that:

9 (A) the due date of the first installment that would otherwise  
10 be due under subsection (a) is delayed by not more than sixty  
11 (60) days; and

12 (B) all statements reflect any changes in levies that result from  
13 the resolution of the appeal by the department of local  
14 government finance.

15 (e) A reconciling statement under subsection (d)(1) must indicate:

16 (1) the total amount due for the year;

17 (2) the total amount of the installments paid that did not reflect  
18 the resolution of the appeal under IC 6-1.1-18.5-12(g) ~~or~~  
19 ~~IC 6-1.1-19-2(g)~~ by the department of local government finance;

20 (3) if the amount under subdivision (1) exceeds the amount under  
21 subdivision (2), the adjusted amount that is payable by the  
22 taxpayer:

23 (A) as a final reconciliation of all amounts due for the year;  
24 and

25 (B) not later than:

26 (i) November 10; or

27 (ii) the date or dates established under section 9.5 of this  
28 chapter; and

29 (4) if the amount under subdivision (2) exceeds the amount under  
30 subdivision (1), that the taxpayer may claim a refund of the excess  
31 under IC 6-1.1-26.

32 (f) If property taxes are not paid on or before the due date, the  
33 penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent  
34 taxes.

35 (g) Notwithstanding any other law, a property tax liability of less  
36 than five dollars (\$5) is increased to five dollars (\$5). The difference  
37 between the actual liability and the five dollar (\$5) amount that appears  
38 on the statement is a statement processing charge. The statement  
39 processing charge is considered a part of the tax liability.

40 SECTION 29. IC 6-1.1-29-9, AS AMENDED BY P.L.2-2006,  
41 SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
42 JANUARY 1, 2008]: Sec. 9. (a) A county council may adopt an

C  
o  
p  
y



ordinance to abolish the county board of tax adjustment. This ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, ~~IC 20-45~~, ~~IC 20-46~~, ~~IC 12-19-7~~, ~~IC 12-19-7.5~~, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax adjustment under IC 6-1.1-17.

(b) The time requirements set forth in IC 6-1.1-17 govern all filings and notices.

(c) A tax rate, tax levy, or budget that otherwise would be reviewed by the county board of tax adjustment is considered and must be treated for all purposes as if the county board of tax adjustment approved the tax rate, tax levy, or budget. This includes the notice of tax rates that is required under IC 6-1.1-17-12.

SECTION 30. IC 6-2.5-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) Except as provided in subsection (b), "gross retail income" means the total gross receipts, of any kind or character, received in a retail transaction, including cash, credit, property, and services, for which tangible personal property is sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for:

- (1) the seller's cost of the property sold;
- (2) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller;
- (3) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;
- (4) delivery charges; or
- (5) the value of exempt personal property given to the purchaser where taxable and exempt personal property have been bundled together and sold by the seller as a single product or piece of merchandise.

For purposes of subdivision (4), delivery charges are charges by the seller for preparation and delivery of the property to a location designated by the purchaser of property, including but not limited to transportation, shipping, postage, handling, crating, and packing.

(b) "Gross retail income" does not include that part of the gross receipts attributable to:

- (1) the value of any tangible personal property received in a like kind exchange in the retail transaction, if the value of the property given in exchange is separately stated on the invoice, bill of sale,

C  
o  
p  
y



- 1 or similar document given to the purchaser;
- 2 (2) the receipts received in a retail transaction which constitute
- 3 interest, finance charges, or insurance premiums on either a
- 4 promissory note or an installment sales contract;
- 5 (3) discounts, including cash, terms, or coupons that are not
- 6 reimbursed by a third party that are allowed by a seller and taken
- 7 by a purchaser on a sale;
- 8 (4) interest, financing, and carrying charges from credit extended
- 9 on the sale of personal property if the amount is separately stated
- 10 on the invoice, bill of sale, or similar document given to the
- 11 purchaser;
- 12 (5) any taxes legally imposed directly on the consumer that are
- 13 separately stated on the invoice, bill of sale, or similar document
- 14 given to the purchaser; or
- 15 (6) installation charges that are separately stated on the invoice,
- 16 bill of sale, or similar document given to the purchaser.

17 (c) **Subject to IC 6-2.5-5-15.7**, a public utility's or a power

18 subsidiary's gross retail income includes all gross retail income

19 received by the public utility or power subsidiary, including any

20 minimum charge, flat charge, membership fee, or any other form of

21 charge or billing.

22 SECTION 31. IC 6-2.5-4-5, AS AMENDED BY P.L.162-2006,

23 SECTION 21, AND AS AMENDED BY P.L.180-2006, SECTION 3,

24 IS CORRECTED AND AMENDED TO READ AS FOLLOWS

25 [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) As used in this section, a

26 "power subsidiary" means a corporation which is owned or controlled

27 by one (1) or more public utilities that furnish or sell electrical energy,

28 natural or artificial gas, water, steam, or steam heat and which produces

29 power exclusively for the use of those public utilities.

30 (b) **Subject to IC 6-2.5-5-15.7**, a power subsidiary or a person

31 engaged as a public utility is a retail merchant making a retail

32 transaction when the subsidiary or person furnishes or sells electrical

33 energy, natural or artificial gas, water, steam, or steam heating service

34 to a person for commercial or domestic consumption.

35 (c) Notwithstanding subsection (b), a power subsidiary or a person

36 engaged as a public utility is not a retail merchant making a retail

37 transaction in any of the following transactions:

- 38 (1) The power subsidiary or person provides, installs, constructs,
- 39 services, or removes tangible personal property which is used in
- 40 connection with the furnishing of the services or commodities
- 41 listed in subsection (b).
- 42 (2) The power subsidiary or person sells the services or

C  
o  
p  
y



commodities listed in subsection (b) to another public utility or power subsidiary described in this section or a person described in section 6 of this chapter.

(3) The power subsidiary or person sells the services or commodities listed in subsection (b) to a person for use in manufacturing, mining, production, refining, oil extraction, mineral extraction, irrigation, agriculture, or horticulture. However, this exclusion for sales of the services and commodities only applies if the services are consumed as an essential and integral part of an integrated process that produces tangible personal property and those sales are separately metered for the excepted uses listed in this subdivision; or if those sales are not separately metered but are predominately used by the purchaser for the excepted uses listed in this subdivision.

(4) The power subsidiary or person sells the services or commodities listed in subsection (b) and all the following conditions are satisfied:

(A) The services or commodities are sold to a business that after June 30, 2004:

(i) relocates all or part of its operations to a facility; or

(ii) expands all or part of its operations in a facility;

located in a military base (as defined in IC 36-7-30-1(c)); a military base reuse area established under IC 36-7-30; the part of an economic development area established under IC 36-7-14.5-12.5 that is or formerly was a military base (as defined in IC 36-7-30-1(c)); a military base recovery site designated under IC 6-3.1-11.5; or a qualified military base enhancement area established under IC 36-7-34.

(B) The business uses the services or commodities in the facility described in clause (A) not later than five (5) years after the operations that are relocated to the facility or expanded in the facility commence.

(C) The sales of the services or commodities are separately metered for use by the relocated or expanded operations.

(D) In the case of a business that uses the services or commodities in a qualified military base enhancement area established under IC 36-7-34-4(1), the business must satisfy at least one (1) of the following criteria:

(i) The business is a participant in the technology transfer program conducted by the qualified military base (as defined in IC 36-7-34-3);

(ii) The business is a United States Department of Defense

C  
o  
p  
y



contractor.

(iii) The business and the qualified military base have a mutually beneficial relationship evidenced by a memorandum of understanding between the business and the United States Department of Defense.

*(E) In the case of a business that uses the services or commodities in a qualified military base enhancement area established under IC 36-7-34-4(2), the business must satisfy at least one (1) of the following criteria:*

*(i) The business is a participant in the technology transfer program conducted by the qualified military base (as defined in IC 36-7-34-3).*

*(ii) The business and the qualified military base have a mutually beneficial relationship evidenced by a memorandum of understanding between the business and the qualified military base (as defined in IC 36-7-34-3).*

However, this subdivision does not apply to a business that substantially reduces or ceases its operations at another location in Indiana in order to relocate its operations in an area described in this subdivision; unless the department determines that the business had existing operations in the area described in this subdivision and that the operations relocated to the area are an expansion of the business's operations in the area.

*(5) The power subsidiary or person sells services or commodities that:*

*(A) are referred to in subsection (b); and*

*(B) qualify as home energy (as defined in IC 6-2.5-5-16.5);*

*to a person who acquires the services or commodities after June 30, 2006, and before July 1, 2007, through home energy assistance (as defined in IC 6-2.5-5-16.5).*

SECTION 32. IC 6-2.5-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) As used in this section, "telecommunication services" means the transmission of messages or information by or using wire, cable, fiber optics, laser, microwave, radio, satellite, or similar facilities. The term does not include value added services in which computer processing applications are used to act on the form, content, code, or protocol of the information for purposes other than transmission.

(b) **Subject to IC 6-2.5-5-15.7**, a person is a retail merchant making a retail transaction when the person:

- (1) furnishes or sells an intrastate telecommunication service; and
- (2) receives gross retail income from billings or statements

C  
o  
p  
y



rendered to customers.

(c) Notwithstanding subsection (b), a person is not a retail merchant making a retail transaction when:

(1) the person provides, installs, constructs, services, or removes tangible personal property which is used in connection with the furnishing of the telecommunication services described in subsection (a);

(2) the person furnishes or sells the telecommunication services described in subsection (a) to another person described in this section or in section 5 of this chapter;

(3) the person furnishes telecommunications services described in subsection (a) to another person who is using a prepaid telephone calling card or prepaid telephone authorization number; ~~described in section 13 of this chapter;~~ or

(4) the person furnishes intrastate mobile telecommunications service (as defined in IC 6-8.1-15-7) to a customer with a place of primary use that is not located in Indiana (as determined under IC 6-8.1-15).

(d) Subject to IC 6-2.5-12, ~~and~~ IC 6-8.1-15, ~~and IC 6-2.5-5-15.7,~~ and notwithstanding subsections (a), (b), and (c), if charges for telecommunication services not taxable under this article are aggregated with and not separately stated from charges subject to taxation under this article, the charges for nontaxable telecommunication services are subject to taxation unless the service provider can reasonably identify the charges not subject to the tax from the service provider's books and records kept in the regular course of business.

SECTION 33. IC 6-2.5-5-15.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 15.7. (a) As used in this section, "utility" includes the following:**

(1) A public utility (as defined in IC 8-1-2-1(a)).

(2) A power subsidiary (as defined in IC 6-2.5-4-5(a)).

(3) A municipally owned utility (as defined in IC 8-1-2-1(h)).

(4) A rural electric membership corporation organized under IC 8-1-13.

(5) A corporation organized under IC 23-17 that:

(A) is an electric cooperative; and

(B) has at least one (1) member that is a corporation organized under IC 8-1-13.

(6) A utility governed and managed by the department of public utilities for a consolidated city under IC 8-1-11.1.

C  
o  
p  
y



(7) A not-for-profit utility (as defined in IC 8-1-2-125).

(8) A joint agency created under IC 8-1-2.2.

(9) A conservancy district established under IC 14-33 that provides utility service.

(10) A regional water, sewage, or solid waste district established under IC 13-26.

(11) A municipal sewage works operating under IC 36-9-23.

(12) A sanitary district operating under IC 36-9-25.

(13) A communications service provider (as defined in IC 8-1-2.6-13(b)).

(14) Any other person that provides utility service.

(b) As used in this section, "utility service" means the provision of any of the following directly to a person in Indiana for domestic, commercial, or industrial use:

(1) Electrical energy.

(2) Natural gas, either mixed with another substance or pure, used for heat, light, cooling, or power.

(3) Water.

(4) Steam.

(5) Service involving the collection, treatment, purification, and disposal in a sanitary manner of liquid and solid waste, sewage, night soil, and industrial waste.

(6) Communications service (as defined in IC 8-1-32.5-3).

(c) Transactions involving the sale of utility service are exempt from the state gross retail tax.

SECTION 34. IC 6-2.5-8-1, AS AMENDED BY P.L.111-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) A retail merchant may not make a retail transaction in Indiana, unless the retail merchant has applied for a registered retail merchant's certificate.

(b) A retail merchant may obtain a registered retail merchant's certificate by filing an application with the department and paying a registration fee of twenty-five dollars (\$25) for each place of business listed on the application. The retail merchant shall also provide such security for payment of the tax as the department may require under IC 6-2.5-6-12.

(c) The retail merchant shall list on the application the location (including the township) of each place of business where the retail merchant makes retail transactions. However, if the retail merchant does not have a fixed place of business, the retail merchant shall list the retail merchant's residence as the retail merchant's place of business. In addition, a public utility may list only its principal Indiana office as its

C  
o  
p  
y





place of business for sales of public utility commodities or service, but the utility must also list on the application (as defined in IC 6-2.5-5-15.7(a)) is required to apply for a registered retail merchant's certificate only for the places of business, where it if any, from which the utility makes retail transactions other than sales of public utility commodities or service (as defined in IC 6-2.5-5-15.7(b)).

(d) Upon receiving a proper application, the correct fee, and the security for payment, if required, the department shall issue to the retail merchant a separate registered retail merchant's certificate for each place of business listed on the application. Each certificate shall bear a serial number and the location of the place of business for which it is issued.

(e) If a retail merchant intends to make retail transactions during a calendar year at a new Indiana place of business, the retail merchant must file a supplemental application and pay the fee for that place of business.

(f) A registered retail merchant's certificate is valid for two (2) years after the date the registered retail merchant's certificate is originally issued or renewed. If the retail merchant has filed all returns and remitted all taxes the retail merchant is currently obligated to file or remit, the department shall renew the registered retail merchant's certificate within thirty (30) days after the expiration date, at no cost to the retail merchant.

(g) The department may not renew a registered retail merchant certificate of a retail merchant who is delinquent in remitting sales or use tax. The department, at least sixty (60) days before the date on which a retail merchant's registered retail merchant's certificate expires, shall notify a retail merchant who is delinquent in remitting sales or use tax that the department will not renew the retail merchant's registered retail merchant's certificate.

(h) A retail merchant engaged in business in Indiana as defined in IC 6-2.5-3-1(c) who makes retail transactions that are only subject to the use tax must obtain a registered retail merchant's certificate before making those transactions. The retail merchant may obtain the certificate by following the same procedure as a retail merchant under subsections (b) and (c), except that the retail merchant must also include on the application:

- (1) the names and addresses of the retail merchant's principal employees, agents, or representatives who engage in Indiana in the solicitation or negotiation of the retail transactions;
- (2) the location of all of the retail merchant's places of business in

C  
o  
p  
y



Indiana, including offices and distribution houses; and

(3) any other information that the department requests.

(i) The department may permit an out-of-state retail merchant to collect the use tax. However, before the out-of-state retail merchant may collect the tax, the out-of-state retail merchant must obtain a registered retail merchant's certificate in the manner provided by this section. Upon receiving the certificate, the out-of-state retail merchant becomes subject to the same conditions and duties as an Indiana retail merchant and must then collect the use tax due on all sales of tangible personal property that the out-of-state retail merchant knows is intended for use in Indiana.

(j) The department shall submit to the township assessor before July 15 of each year:

(1) the name of each retail merchant that has newly obtained a registered retail merchant's certificate between March 2 of the preceding year and March 1 of the current year for a place of business located in the township; and

(2) the address of each place of business of the taxpayer in the township.

SECTION 35. IC 6-2.5-12-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. **(a) Subject to subsection (b) and** except for the telecommunications services listed in section 16 of this chapter, the sale of telecommunications service sold on a call by call basis shall be sourced to:

(1) each level of taxing jurisdiction where the call originates and terminates in that jurisdiction; or

(2) each level of taxing jurisdiction where the call either originates or terminates and in which the service address is also located.

**(b) If the sale of telecommunications service sold on a call by call basis is sourced to a taxing jurisdiction in Indiana under subsection (a), the sale is exempt from the state gross retail tax in accordance with IC 6-2.5-5-15.7.**

SECTION 36. IC 6-2.5-12-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. **(a) Subject to subsection (b) and** except for the telecommunications services listed in section 16 of this chapter, a sale of telecommunications services sold on a basis other than a call by call basis is sourced to the customer's place of primary use.

**(b) If a sale of telecommunications services sold on a basis other than a call by call basis is sourced to a place of primary use in Indiana under subsection (a), the sale is exempt from the state**

C  
o  
p  
y



1 **gross retail tax in accordance with IC 6-2.5-5-15.7.**

2 SECTION 37. IC 6-2.5-12-16 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 16. **(a) Subject to**  
4 **subsection (b)**, the sale of the following telecommunications services  
5 shall be sourced to each level of taxing jurisdiction as follows:

6 (1) A sale of mobile telecommunications services, other than air  
7 to ground radiotelephone service and prepaid calling service, is  
8 sourced to the customer's place of primary use as required by the  
9 Mobile Telecommunications Sourcing Act and IC 6-8.1-15.

10 (2) A sale of post paid calling service is sourced to the origination  
11 point of the telecommunications signal as first identified by  
12 either:

13 (A) the seller's telecommunications system; or

14 (B) information received by the seller from its service  
15 provider, where the system used to transport such signals is  
16 not that of the seller.

17 (3) A sale of prepaid calling service is sourced in the following  
18 manner:

19 (A) When the service is received by the purchaser at a  
20 business location of the seller, the sale is sourced to that  
21 business location.

22 (B) When the service is not received by the purchaser at a  
23 business location of the seller, the sale is sourced to the  
24 location where receipt by the purchaser (or the purchaser's  
25 donee, designated as such by the purchaser) occurs, including  
26 the location indicated by instructions for delivery to the  
27 purchaser (or donee), known to the seller.

28 (C) When clauses (A) and (B) do not apply, the sale is sourced  
29 to the location indicated by an address for the purchaser that  
30 is available from the business records of the seller that are  
31 maintained in the ordinary course of the seller's business when  
32 use of this address does not constitute bad faith.

33 (D) When clauses (A) through (C) do not apply, the sale is  
34 sourced to the location indicated by an address for the  
35 purchaser obtained during the consummation of the sale,  
36 including the address of a purchaser's payment instrument, if  
37 no other address is available, when use of this address does not  
38 constitute bad faith.

39 (E) When clauses (A) through (D) do not apply, including the  
40 circumstance in which the seller is without sufficient  
41 information to apply the previous clauses, the location will be  
42 determined by either:

C  
o  
p  
y



(i) the address from which tangible personal property was shipped, from which any digital good or computer software delivered electronically was first available for transmission by the seller, or from which the service was provided (disregarding for these purposes any location that merely provided the digital transfer of the product sold); or  
 (ii) in the case of a sale of mobile telecommunications service that is a prepaid telecommunications service, the location associated with the mobile telephone number.

(4) A sale of a private communications service is sourced as follows:

(A) Service for a separate charge related to a customer channel termination point is sourced to each level of jurisdiction in which such customer channel termination point is located.

(B) Service where all customer termination points are located entirely within one (1) jurisdiction or level of jurisdiction is sourced in such jurisdiction in which the customer channel termination points are located.

(C) Service for segments of a channel between two (2) customer channel termination points located in different jurisdictions and which segments of channel are separately charged is sourced fifty percent (50%) in each level of jurisdiction in which the customer channel termination points are located.

(D) Service for segments of a channel located in more than one (1) jurisdiction or level of jurisdiction and which segments are not separately billed is sourced in each jurisdiction based on the percentage determined by dividing the number of customer channel termination points in such jurisdiction by the total number of customer channel termination points.

**(b) If the sale of any telecommunications service described in this section is sourced to a location in Indiana under subsection (a), the sale is exempt from the state gross retail tax in accordance with IC 6-2.5-5-15.7.**

SECTION 38. IC 6-3.5-1.1-14, AS AMENDED BY P.L.2-2006, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 14. (a) In determining the amount of property tax replacement credits civil taxing units and school corporations of a county are entitled to receive during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property that was assessed in that county.

C  
o  
p  
y



(b) If a civil taxing unit or a school corporation is located in more than one (1) county and receives property tax replacement credits from one (1) or more of the counties, then the property tax replacement credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.

(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(d) Subject to subsection (e), if a civil taxing unit or school corporation of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which property tax replacement credits are being distributed, the civil taxing unit or school corporation is entitled to use the property tax replacement credits distributed to the civil taxing unit or school corporation for any purpose for which a property tax levy could be used.

(e) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its ~~general fund~~; debt service fund, capital projects fund, transportation fund, school bus replacement fund, and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget. ~~and for purposes of the maximum permissible tuition support levy limits imposed by IC 20-45-3.~~ A school corporation shall allocate the property tax replacement credits described in this subsection to all ~~six (6)~~ **five (5)** funds in proportion to the levy for each fund.

SECTION 39. IC 6-3.5-6-18.5, AS AMENDED BY P.L.234-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 18.5. (a) This section applies to a county containing a consolidated city.

(b) Notwithstanding section 18(e) of this chapter, the distributive shares that each civil taxing unit in a county containing a consolidated city is entitled to receive during a month equals the following:

(1) For the calendar year beginning January 1, 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month multiplied by the following factor:

Center Township	.0251
Decatur Township	.00217
Franklin Township	.0023

**C  
O  
P  
Y**



1	Lawrence Township	.01177
2	Perry Township	.01130
3	Pike Township	.01865
4	Warren Township	.01359
5	Washington Township	.01346
6	Wayne Township	.01307
7	Lawrence-City	.00858
8	Beech Grove	.00845
9	Southport	.00025
10	Speedway	.00722
11	Indianapolis/Marion County	.86409
12	(2) Notwithstanding subdivision (1), for the calendar year	
13	beginning January 1, 1995, the distributive shares for each civil	
14	taxing unit in a county containing a consolidated city shall be not	
15	less than the following:	
16	Center Township	\$1,898,145
17	Decatur Township	\$164,103
18	Franklin Township	\$173,934
19	Lawrence Township	\$890,086
20	Perry Township	\$854,544
21	Pike Township	\$1,410,375
22	Warren Township	\$1,027,721
23	Washington Township	\$1,017,890
24	Wayne Township	\$988,397
25	Lawrence-City	\$648,848
26	Beech Grove	\$639,017
27	Southport	\$18,906
28	Speedway	\$546,000
29	(3) For each year after 1995, calculate the total amount of	
30	revenues that are to be distributed as distributive shares during	
31	that month as follows:	
32	STEP ONE: Determine the total amount of revenues that were	
33	distributed as distributive shares during that month in calendar	
34	year 1995.	
35	STEP TWO: Determine the total amount of revenue that the	
36	department has certified as distributive shares for that month	
37	under section 17 of this chapter for the calendar year.	
38	STEP THREE: Subtract the STEP ONE result from the STEP	
39	TWO result.	
40	STEP FOUR: If the STEP THREE result is less than or equal	
41	to zero (0), multiply the STEP TWO result by the ratio	
42	established under subdivision (1).	

**C**  
**O**  
**P**  
**Y**



1 STEP FIVE: Determine the ratio of:

2 (A) the maximum permissible property tax levy under  
3 IC 6-1.1-18.5 ~~IC 12-19-7~~, and ~~IC 12-19-7.5~~ for each civil  
4 taxing unit for the calendar year in which the month falls,  
5 plus, for a county, an amount equal to the property taxes  
6 imposed by the county in 1999 for the county's welfare fund  
7 and welfare administration fund; divided by

8 (B) the sum of the maximum permissible property tax levies  
9 under IC 6-1.1-18.5 ~~IC 12-19-7~~, and ~~IC 12-19-7.5~~ for all  
10 civil taxing units of the county during the calendar year in  
11 which the month falls and an amount equal to the property  
12 taxes imposed by the county in 1999 for the county's welfare  
13 fund and welfare administration fund.

14 STEP SIX: If the STEP THREE result is greater than zero (0),  
15 the STEP ONE amount shall be distributed by multiplying the  
16 STEP ONE amount by the ratio established under subdivision  
17 (1).

18 STEP SEVEN: For each taxing unit, determine the STEP FIVE  
19 ratio multiplied by the STEP TWO amount.

20 STEP EIGHT: For each civil taxing unit, determine the  
21 difference between the STEP SEVEN amount minus the  
22 product of the STEP ONE amount multiplied by the ratio  
23 established under subdivision (1). The STEP THREE excess  
24 shall be distributed as provided in STEP NINE only to the civil  
25 taxing units that have a STEP EIGHT difference greater than  
26 or equal to zero (0).

27 STEP NINE: For the civil taxing units qualifying for a  
28 distribution under STEP EIGHT, each civil taxing unit's share  
29 equals the STEP THREE excess multiplied by the ratio of:

30 (A) the maximum permissible property tax levy under  
31 IC 6-1.1-18.5 ~~IC 12-19-7~~, and ~~IC 12-19-7.5~~ for the  
32 qualifying civil taxing unit during the calendar year in which  
33 the month falls, plus, for a county, an amount equal to the  
34 property taxes imposed by the county in 1999 for the  
35 county's welfare fund and welfare administration fund;  
36 divided by

37 (B) the sum of the maximum permissible property tax levies  
38 under IC 6-1.1-18.5 ~~IC 12-19-7~~, and ~~IC 12-19-7.5~~ for all  
39 qualifying civil taxing units of the county during the  
40 calendar year in which the month falls, and an amount equal  
41 to the property taxes imposed by the county in 1999 for the  
42 county's welfare fund and welfare administration fund.

C  
o  
p  
y



SECTION 40. IC 6-8.1-15-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. (a) Except as provided by section 20 of this chapter, this chapter applies to:

(1) ~~the gross retail tax imposed on mobile telecommunications service under IC 6-2.5-4-6;~~

(2) (1) the monthly emergency wireless enhanced 911 fee imposed on mobile telecommunications service under IC 36-8-16.5; and

(3) (2) any other tax, charge, or fee levied by the state or a taxing jurisdiction within Indiana as a fixed charge for each customer or measured by gross amounts charged to customers for mobile telecommunications service, regardless of whether the tax, charge, or fee is imposed on the vendor or customer of the service and regardless of the terminology used to describe the tax, charge, or fee;

on bills for mobile telecommunications service issued to customers after July 31, 2002.

(b) This chapter does not apply to:

(1) any tax, charge, or fee levied upon or measured by the net income, capital stock, net worth, or property value of the provider of mobile telecommunications service;

(2) any tax, charge, or fee that is applied to an equitably apportioned amount that is not determined on a transactional basis;

(3) any tax, charge, or fee that:

(A) represents compensation for a mobile telecommunications service provider's use of public rights-of-way or other public property; and

(B) is not levied by the taxing jurisdiction as a fixed charge for each customer or measured by gross amounts charged to customers for mobile telecommunication service;

(4) any generally applicable business and occupation tax that is imposed by the state, is applied to gross receipts or gross proceeds, is the legal liability of the home service provider, and that statutorily allows the home service provider to elect to use the sourcing method required in this section; or

(5) the determination of the taxing situs of:

(A) prepaid telephone calling service; or

(B) air-ground radiotelephone service as defined in Section 22.99 of Title 47 of the Code of Federal Regulations as in effect June 1, 1999.

SECTION 41. IC 6-8.1-15-14 IS AMENDED TO READ AS

C  
o  
p  
y





FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 14. (a) Notwithstanding any other law, mobile telecommunications service provided in a taxing jurisdiction to a customer, the charges for which are billed by or for the customer's home service provider, are considered to be provided by the customer's home service provider.

(b) All charges for mobile telecommunications service that are considered to be provided by the customer's home service provider under this chapter are authorized to be subjected to tax, charge, or fee by the taxing jurisdictions whose territorial limits encompass the customer's place of primary use, regardless of where the mobile telecommunication service originates, terminates, or passes through. **However, if the customer's place of primary use is in Indiana, the charges for mobile telecommunications service provided by the customer's home service provider are exempt from the state gross retail tax in accordance with IC 6-2.5-5-15.7.**

(c) This chapter does not:

- (1) authorize a taxing jurisdiction to impose a tax, charge, or fee that the jurisdiction is not otherwise authorized to impose; or
- (2) modify, impair, supersede, or authorize the modification, impairment, or supersession of the law of any taxing jurisdiction pertaining to taxation except as expressly provided by this chapter.

SECTION 42. IC 12-7-2-64, AS AMENDED BY P.L.141-2006, SECTION 16, AND AS AMENDED BY P.L.145-2006, SECTION 47, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 64. "Director" refers to the following:

- (1) With respect to a particular division, the director of the division.
- (2) With respect to a particular state institution, the director who has administrative control of and responsibility for the state institution.
- (3) For purposes of IC 12-10-15, the term refers to the director of the division of *disability, aging, and rehabilitative services*.
- ~~(4) For purposes of IC 12-19-5, the term refers to the director of the department of child services established by IC 31-33-1.5-2. IC 31-25-1-1.~~
- ~~(5)~~ (4) For purposes of IC 12-25, the term refers to the director of the division of mental health and addiction.
- ~~(6)~~ (5) For purposes of IC 12-26, the term:
  - (A) refers to the director who has administrative control of and responsibility for the appropriate state institution; and

C  
o  
p  
y



(B) includes the director's designee.

~~(7)~~ (6) If subdivisions (1) through ~~(6)~~ (5) do not apply, the term refers to the director of any of the divisions.

SECTION 43. IC 12-7-2-91 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 91. "Fund" means the following:

(1) For purposes of IC 12-12-1-9, the fund described in IC 12-12-1-9.

~~(2)~~ For purposes of ~~IC 12-13-8~~, the meaning set forth in ~~IC 12-13-8-1~~.

~~(3)~~ (2) For purposes of IC 12-15-20, the meaning set forth in IC 12-15-20-1.

~~(4)~~ (3) For purposes of IC 12-17-12, the meaning set forth in IC 12-17-12-4.

~~(5)~~ (4) For purposes of IC 12-17-6, the meaning set forth in IC 12-17-6-1-3.

~~(6)~~ (5) For purposes of IC 12-18-4, the meaning set forth in IC 12-18-4-1.

~~(7)~~ (6) For purposes of IC 12-18-5, the meaning set forth in IC 12-18-5-1.

~~(8)~~ (7) For purposes of IC 12-19-7, the meaning set forth in IC 12-19-7-2.

~~(9)~~ (8) For purposes of IC 12-23-2, the meaning set forth in IC 12-23-2-1.

~~(10)~~ (9) For purposes of IC 12-23-18, the meaning set forth in IC 12-23-18-4.

~~(11)~~ (10) For purposes of IC 12-24-6, the meaning set forth in IC 12-24-6-1.

~~(12)~~ (11) For purposes of IC 12-24-14, the meaning set forth in IC 12-24-14-1.

~~(13)~~ (12) For purposes of IC 12-30-7, the meaning set forth in IC 12-30-7-3.

SECTION 44. IC 12-13-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. ~~(a)~~ The state **shall pay for the services related to** medical assistance to wards. ~~fund~~ is established. ~~Before the fifth day of each month, all money contained in a county medical assistance to wards fund at the end of the preceding month shall be transferred to the state medical assistance to wards fund. The state medical assistance to wards fund consists of the following:~~

~~(1)~~ The money transferred to the fund from the county medical assistance to wards funds.

C  
o  
p  
y



(2) Any contributions to the fund from individuals, corporations, foundations, or others for the purpose of providing medical assistance.

(3) Any appropriations made specifically to the fund by the general assembly.

(b) This section does not obligate the general assembly to appropriate money to the state medical assistance to wards fund.

SECTION 45. IC 12-15-15-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. (a) For purposes of this section and IC 12-16-7.5-4.5, a payable claim is attributed to a county if the payable claim is submitted to the division by a hospital licensed under IC 16-21-2 for payment under IC 12-16-7.5 for care provided by the hospital to an individual who qualifies for the hospital care for the indigent program under IC 12-16-3.5-1 or IC 12-16-3.5-2 and:

- (1) who is a resident of the county;
- (2) who is not a resident of the county and for whom the onset of the medical condition that necessitated the care occurred in the county; or
- (3) whose residence cannot be determined by the division and for whom the onset of the medical condition that necessitated the care occurred in the county.

(b) For each state fiscal year ending after June 30, 2003, a hospital licensed under IC 16-21-2 that submits to the division during the state fiscal year a payable claim under IC 12-16-7.5 is entitled to a payment under this section.

(c) Except as provided in section 9.8 of this chapter and subject to section 9.6 of this chapter, for a state fiscal year, the office shall pay to a hospital referred to in subsection (b) an amount equal to the amount, based on information obtained from the division and the calculations and allocations made under IC 12-16-7.5-4.5, that the office determines for the hospital under STEP SIX of the following STEPS:

STEP ONE: Identify:

- (A) each hospital that submitted to the division one (1) or more payable claims under IC 12-16-7.5 during the state fiscal year; and
- (B) the county to which each payable claim is attributed.

STEP TWO: For each county identified in STEP ONE, identify:

- (A) each hospital that submitted to the division one (1) or more payable claims under IC 12-16-7.5 attributed to the county during the state fiscal year; and
- (B) the total amount of all hospital payable claims submitted

C  
o  
p  
y



1 to the division under IC 12-16-7.5 attributed to the county  
 2 during the state fiscal year.

3 STEP THREE: For each county identified in STEP ONE, identify  
 4 the amount of county funds transferred to the Medicaid indigent  
 5 care trust fund under ~~STEP FOUR~~ of IC 12-16-7.5-4.5(b).

6 STEP FOUR: For each hospital identified in STEP ONE, with  
 7 respect to each county identified in STEP ONE, calculate the  
 8 hospital's percentage share of the county's funds transferred to the  
 9 Medicaid indigent care trust fund under ~~STEP FOUR~~ of  
 10 IC 12-16-7.5-4.5(b). Each hospital's percentage share is based on  
 11 the total amount of the hospital's payable claims submitted to the  
 12 division under IC 12-16-7.5 attributed to the county during the  
 13 state fiscal year, calculated as a percentage of the total amount of  
 14 all hospital payable claims submitted to the division under  
 15 IC 12-16-7.5 attributed to the county during the state fiscal year.

16 STEP FIVE: Subject to subsection (j), for each hospital identified  
 17 in STEP ONE, with respect to each county identified in STEP  
 18 ONE, multiply the hospital's percentage share calculated under  
 19 STEP FOUR by the amount of the county's funds transferred to  
 20 the Medicaid indigent care trust fund under ~~STEP FOUR~~ of  
 21 IC 12-16-7.5-4.5(b).

22 STEP SIX: Determine the sum of all amounts calculated under  
 23 STEP FIVE for each hospital identified in STEP ONE with  
 24 respect to each county identified in STEP ONE.

25 (d) A hospital's payment under subsection (c) is in the form of a  
 26 Medicaid add-on payment. The amount of a hospital's add-on payment  
 27 is subject to the availability of funding for the non-federal share of the  
 28 payment under subsection (e). The office shall make the payments  
 29 under subsection (c) before December 15 that next succeeds the end of  
 30 the state fiscal year.

31 (e) The non-federal share of a payment to a hospital under  
 32 subsection (c) is funded from the funds transferred to the Medicaid  
 33 indigent care trust fund under ~~STEP FOUR~~ of IC 12-16-7.5-4.5(b) of  
 34 each county to which a payable claim under IC 12-16-7.5 submitted to  
 35 the division during the state fiscal year by the hospital is attributed.

36 (f) The amount of a county's transferred funds available to be used  
 37 to fund the non-federal share of a payment to a hospital under  
 38 subsection (c) is an amount that bears the same proportion to the total  
 39 amount of funds of the county transferred to the Medicaid indigent care  
 40 trust fund under ~~STEP FOUR~~ of IC 12-16-7.5-4.5(b) that the total  
 41 amount of the hospital's payable claims under IC 12-16-7.5 attributed  
 42 to the county submitted to the division during the state fiscal year bears

C  
o  
p  
y



to the total amount of all hospital payable claims under IC 12-16-7.5 attributed to the county submitted to the division during the state fiscal year.

(g) Any county's funds identified in subsection (f) that remain after the non-federal share of a hospital's payment has been funded are available to serve as the non-federal share of a payment to a hospital under section 9.5 of this chapter.

(h) For purposes of this section, "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b)(1).

(i) For purposes of this section:

(1) the amount of a payable claim is an amount equal to the amount the hospital would have received under the state's fee-for-service Medicaid reimbursement principles for the hospital care for which the payable claim is submitted under IC 12-16-7.5 if the individual receiving the hospital care had been a Medicaid enrollee; and

(2) a payable hospital claim under IC 12-16-7.5 includes a payable claim under IC 12-16-7.5 for the hospital's care submitted by an individual or entity other than the hospital, to the extent permitted under the hospital care for the indigent program.

(j) The amount ~~calculated~~ **determined** under ~~STEP FIVE~~ of subsection (c) for a hospital with respect to a county may not exceed the total amount of the hospital's payable claims attributed to the county during the state fiscal year.

SECTION 46. IC 12-15-15-9.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9.5. (a) For purposes of this section and IC 12-16-7.5-4.5, a payable claim is attributed to a county if the payable claim is submitted to the division by a hospital licensed under IC 16-21-2 for payment under IC 12-16-7.5 for care provided by the hospital to an individual who qualifies for the hospital care for the indigent program under IC 12-16-3.5-1 or IC 12-16-3.5-2 and;

(1) who is a resident of the county;

(2) who is not a resident of the county and for whom the onset of the medical condition that necessitated the care occurred in the county; or

(3) whose residence cannot be determined by the division and for whom the onset of the medical condition that necessitated the care occurred in the county.

(b) For each state fiscal year ending after June 30, 2003, a hospital licensed under IC 16-21-2:

(1) that submits to the division during the state fiscal year a

C  
o  
p  
y



1 payable claim under IC 12-16-7.5; and

2 (2) whose payment under section 9(c) of this chapter was less  
3 than the total amount of the hospital's payable claims under  
4 IC 12-16-7.5 submitted by the hospital to the division during the  
5 state fiscal year;

6 is entitled to a payment under this section.

7 (c) Except as provided in section 9.8 of this chapter and subject to  
8 section 9.6 of this chapter, for a state fiscal year, the office shall pay to  
9 a hospital referred to in subsection (b) an amount equal to the amount,  
10 based on information obtained from the division and the calculations  
11 and allocations made under IC 12-16-7.5-4.5, that the office determines  
12 for the hospital under STEP EIGHT of the following STEPS:

13 STEP ONE: Identify each county whose transfer of funds to the  
14 Medicaid indigent care trust fund under ~~STEP FOUR~~ of  
15 IC 12-16-7.5-4.5(b) for the state fiscal year was less than the total  
16 amount of all hospital payable claims attributed to the county and  
17 submitted to the division during the state fiscal year.

18 STEP TWO: For each county identified in STEP ONE, calculate  
19 the difference between the amount of funds ~~of the county~~  
20 transferred to the Medicaid indigent care trust fund under ~~STEP~~  
21 ~~FOUR~~ of IC 12-16-7.5-4.5(b) and the total amount of all hospital  
22 payable claims attributed to the county and submitted to the  
23 division during the state fiscal year.

24 STEP THREE: Calculate the sum of the amounts calculated for  
25 the counties under STEP TWO.

26 STEP FOUR: Identify each hospital whose payment under section  
27 9(c) of this chapter was less than the total amount of the hospital's  
28 payable claims under IC 12-16-7.5 submitted by the hospital to  
29 the division during the state fiscal year.

30 STEP FIVE: Calculate for each hospital identified in STEP FOUR  
31 the difference between the hospital's payment under section 9(c)  
32 of this chapter and the total amount of the hospital's payable  
33 claims under IC 12-16-7.5 submitted by the hospital to the  
34 division during the state fiscal year.

35 STEP SIX: Calculate the sum of the amounts calculated for each  
36 of the hospitals under STEP FIVE.

37 STEP SEVEN: For each hospital identified in STEP FOUR,  
38 calculate the hospital's percentage share of the amount calculated  
39 under STEP SIX. Each hospital's percentage share is based on the  
40 amount calculated for the hospital under STEP FIVE calculated  
41 as a percentage of the sum calculated under STEP SIX.

42 STEP EIGHT: For each hospital identified in STEP FOUR,

C  
o  
p  
y



multiply the hospital's percentage share calculated under STEP SEVEN by the sum calculated under STEP THREE. The amount calculated under this STEP for a hospital may not exceed the amount by which the hospital's total payable claims under IC 12-16-7.5 submitted during the state fiscal year exceeded the amount of the hospital's payment under section 9(c) of this chapter.

(d) A hospital's payment under subsection (c) is in the form of a Medicaid add-on payment. The amount of the hospital's add-on payment is subject to the availability of funding for the non-federal share of the payment under subsection (e). The office shall make the payments under subsection (c) before December 15 that next succeeds the end of the state fiscal year.

(e) The non-federal share of a payment to a hospital under subsection (c) is derived from funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR~~ of IC 12-16-7.5-4.5(b) and not expended under section 9 of this chapter. To the extent possible, the funds shall be derived on a proportional basis from the funds transferred by each county identified in subsection (c), STEP ONE:

(1) to which at least one (1) payable claim submitted by the hospital to the division during the state fiscal year is attributed; and

(2) whose funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR~~ of IC 12-16-7.5-4.5(b) were not completely expended under section 9 of this chapter.

The amount available to be derived from the remaining funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR~~ of IC 12-16-7.5-4.5(b) to serve as the non-federal share of the payment to a hospital under subsection (c) is an amount that bears the same proportion to the total amount of funds transferred by all the counties identified in subsection (c), STEP ONE, that the amount calculated for the hospital under subsection (c), STEP FIVE, bears to the amount calculated under subsection (c), STEP SIX.

(f) Except as provided in subsection (g), the office may not make a payment under this section until the payments due under section 9 of this chapter for the state fiscal year have been made.

(g) If a hospital appeals a decision by the office regarding the hospital's payment under section 9 of this chapter, the office may make payments under this section before all payments due under section 9 of this chapter are made if:

(1) a delay in one (1) or more payments under section 9 of this chapter resulted from the appeal; and

C  
o  
p  
y



(2) the office determines that making payments under this section while the appeal is pending will not unreasonably affect the interests of hospitals eligible for a payment under this section.

(h) Any funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR~~ of IC 12-16-7.5-4.5(b) remaining after payments are made under this section shall be used as provided in IC 12-15-20-2(8)(D).

(i) For purposes of this section:

(1) "payable claim" has the meaning set forth in IC 12-16-7.5-2.5(b);

(2) the amount of a payable claim is an amount equal to the amount the hospital would have received under the state's fee-for-service Medicaid reimbursement principles for the hospital care for which the payable claim is submitted under IC 12-16-7.5 if the individual receiving the hospital care had been a Medicaid enrollee; and

(3) a payable hospital claim under IC 12-16-7.5 includes a payable claim under IC 12-16-7.5 for the hospital's care submitted by an individual or entity other than the hospital, to the extent permitted under the hospital care for the indigent program.

SECTION 47. IC 12-15-15-9.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9.6. The total amount of payments to hospitals under sections 9 and 9.5 of this chapter may not exceed the amount transferred to the Medicaid indigent care trust fund under ~~STEP FOUR~~ of IC 12-16-7.5-4.5(b).

SECTION 48. IC 12-15-20-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. The Medicaid indigent care trust fund is established to pay the non-federal share of the following:

(1) Enhanced disproportionate share payments to providers under IC 12-15-19-1.

(2) Subject to subdivision (8), disproportionate share payments to providers under IC 12-15-19-2.1.

(3) Medicaid payments for pregnant women described in IC 12-15-2-13 and infants and children described in IC 12-15-2-14.

(4) Municipal disproportionate share payments to providers under IC 12-15-19-8.

(5) Payments to hospitals under IC 12-15-15-9.

(6) Payments to hospitals under IC 12-15-15-9.5.

(7) Payments, funding, and transfers as otherwise provided in clauses (8)(D) and (8)(F).

C  
o  
p  
y





(8) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund, the following apply:

(A) The entirety of the intergovernmental transfers deposited into the Medicaid indigent care trust fund for state fiscal years ending on or before June 30, 2000, shall be used to fund the state's share of the disproportionate share payments to providers under IC 12-15-19-2.1.

(B) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year ending June 30, 2001, an amount equal to one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998, and ending June 30, 1999, shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, for the state fiscal year shall be used to fund the state's share of additional Medicaid payments to hospitals licensed under IC 16-21 pursuant to a methodology adopted by the office.

(C) Of the intergovernmental transfers deposited into the Medicaid indigent care trust fund, for state fiscal years beginning July 1, 2001, and July 1, 2002, an amount equal to:

(i) one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid indigent care trust fund for the state fiscal year beginning July 1, 1998; minus

(ii) an amount equal to the amount deposited into the Medicaid indigent care trust fund under IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2001, and July 1, 2002;

shall be used to fund the state's share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, must be used to fund the state's share of additional Medicaid payments to hospitals licensed under IC 16-21 pursuant to a methodology adopted by the office.

(D) Of the intergovernmental transfers, which shall include amounts transferred under IC 12-16-7.5-4.5(b), ~~STEP FOUR~~, deposited into the Medicaid indigent care trust fund for state fiscal years ending after June 30, 2003, an amount equal to:

(i) one hundred percent (100%) of the total intergovernmental transfers deposited into the Medicaid

C  
o  
p  
y



indigent care trust fund for the state fiscal year beginning July 1, 1998, and ending June 30, 1999; minus (ii) an amount equal to the amount deposited into the Medicaid indigent care trust fund under ~~STEP FOUR~~ of IC 12-16-7.5-4.5(b) for the state fiscal year ending after June 30, 2003;

shall be used to fund the non-federal share of disproportionate share payments to providers under IC 12-15-19-2.1. The remainder of the intergovernmental transfers, if any, for the state fiscal years shall be used to fund, in descending order of priority, the non-federal share of payments to hospitals under IC 12-15-15-9, the non-federal share of payments to hospitals under IC 12-15-15-9.5, the amount to be transferred under clause (F), and the non-federal share of payments under clauses (A) and (B) of STEP FIVE of IC 12-15-15-1.5(b).

(E) The total amount of intergovernmental transfers used to fund the non-federal share of payments to hospitals under IC 12-15-15-9 and IC 12-15-15-9.5 shall not exceed the amount calculated under STEP TWO of the following formula:

STEP ONE: Calculate the total amount of funds transferred to the Medicaid indigent care trust fund under ~~STEP FOUR~~ of IC 12-16-7.5-4.5(b).

STEP TWO: Multiply the state Medicaid medical assistance percentage for the state fiscal year for which the payments under IC 12-15-15-9 and IC 12-15-15-9.5 are to be made by the amount calculated under STEP ONE.

(F) As provided in clause (D), for each fiscal year ending after June 30, 2003, an amount equal to the amount calculated under STEP THREE of the following formula shall be transferred to the office:

STEP ONE: Calculate the product of thirty-five million dollars (\$35,000,000) multiplied by the federal medical assistance percentage for federal fiscal year 2003.

STEP TWO: Calculate the sum of the amounts, if any, reasonably estimated by the office to be transferred or otherwise made available to the office for the state fiscal year, and the amounts, if any, actually transferred or otherwise made available to the office for the state fiscal year, under arrangements whereby the office and a hospital licensed under IC 16-21-2 agree that an amount transferred or otherwise made available to the office by the hospital or on behalf of the hospital shall be included in the calculation

C  
o  
p  
y



under this STEP.

STEP THREE: Calculate the amount by which the product calculated under STEP ONE exceeds the sum calculated under STEP TWO.

SECTION 49. IC 12-16-2.5-6.5, AS AMENDED BY P.L.1-2006, SECTION 188, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6.5. (a) Notwithstanding IC 12-16-4.5, IC 12-16-5.5, and IC 12-16-6.5, except for the functions provided for under IC 12-16-4.5-3, IC 12-16-4.5-4, IC 12-16-6.5-3, IC 12-16-6.5-4, and IC 12-16-6.5-7 and the payment of funds, the division may enter into a written agreement with a hospital licensed under IC 16-21 for the hospital's performance of one (1) or more of the functions of the division or a county office under IC 12-16-4.5, IC 12-16-5.5, and IC 12-16-6.5. Under an agreement between the division and a hospital:

(1) if the hospital is authorized to determine:

(A) if a person meets the income and resource requirements established under IC 12-16-3.5;

(B) if the person's medical condition satisfies one (1) or more of the medical conditions identified in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3); or

(C) if the health care items or services received by the person were necessitated by one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through IC 12-16-3.5-2(a)(3), or were a direct consequence of one (1) or more of the medical conditions listed in IC 12-16-3.5-1(a)(1) through IC 12-16-3.5-1(a)(3);

the determinations must be limited to persons receiving care at the hospital;

(2) the agreement must state whether the hospital is authorized to make determinations regarding physician services or transportation services provided to a person;

(3) the agreement must state the extent to which the functions performed by the hospital include the provision of the notices required under IC 12-16-5.5 and IC 12-16-6.5;

(4) the agreement may not limit the hearing and appeal process available to persons, physicians, transportation providers, or other hospitals under IC 12-16-6.5;

(5) the agreement must state how determinations made by the hospital will be communicated to the division for purposes of the

C  
o  
p  
y



1 attributions and calculations under IC 12-15-15-9,  
 2 IC 12-15-15-9.5, **and** IC 12-16-7.5; ~~and IC 12-16-14~~; and

3 (6) the agreement must state how the accuracy of the hospital's  
 4 determinations will be reviewed.

5 (b) A hospital, its employees, and its agents are immune from civil  
 6 or criminal liability arising from their good faith implementation and  
 7 administration of the agreement between the division and the hospital  
 8 under this section.

9 SECTION 50. IC 12-16-7.5-2.5, AS AMENDED BY P.L.1-2006,  
 10 SECTION 189, IS AMENDED TO READ AS FOLLOWS  
 11 [EFFECTIVE JANUARY 1, 2008]: Sec. 2.5. (a) Payable claims shall  
 12 be segregated by state fiscal year.

13 (b) For purposes of this chapter, IC 12-15-15-9, **and**  
 14 IC 12-15-15-9.5, ~~and IC 12-16-14~~, "payable claim" refers to the  
 15 following:

16 (1) Subject to subdivision (2), a claim for payment for physician  
 17 care, hospital care, or transportation services under this chapter:

18 (A) that includes, on forms prescribed by the division, all the  
 19 information required for timely payment;

20 (B) that is for a period during which the person is determined  
 21 to be financially and medically eligible for the hospital care for  
 22 the indigent program; and

23 (C) for which the payment amounts for the care and services  
 24 are determined by the division.

25 This subdivision applies for the state fiscal year ending June 30,  
 26 2004.

27 (2) For state fiscal years ending after June 30, 2004, a claim for  
 28 payment for physician care, hospital care, or transportation  
 29 services under this chapter:

30 (A) provided to a person under the hospital care for the  
 31 indigent program under this article during the person's  
 32 eligibility under the program;

33 (B) identified in a claim filed with the division; and

34 (C) determined to:

35 (i) have been necessitated by one (1) or more of the medical  
 36 conditions listed in IC 12-16-3.5-1(a)(1) through  
 37 IC 12-16-3.5-1(a)(3) or IC 12-16-3.5-2(a)(1) through  
 38 IC 12-16-3.5-2(a)(3); or

39 (ii) be a direct consequence of one (1) or more of the  
 40 medical conditions listed in IC 12-16-3.5-1(a)(1) through  
 41 IC 12-16-3.5-1(a)(3).

42 (c) For purposes of this chapter, IC 12-15-15-9, **and**

C  
o  
p  
y



IC 12-15-15-9.5, and ~~IC 12-16-14~~, "amount" when used in regard to a claim or payable claim means an amount calculated under STEP THREE of the following formula:

STEP ONE: Identify the items and services identified in a claim or payable claim.

STEP TWO: Using the applicable Medicaid fee for service reimbursement rates, calculate the reimbursement amounts for each of the items and services identified in STEP ONE.

STEP THREE: Calculate the sum of the amounts identified in STEP TWO.

(d) For purposes of this chapter, IC 12-15-15-9, and IC 12-15-15-9.5, and ~~IC 12-16-14~~, a physician, hospital, or transportation provider that submits a claim to the division is considered to have submitted the claim during the state fiscal year during which the amount of the claim was determined under IC 12-16-5.5-1.2(b) or, if successfully appealed by a physician, hospital, or transportation provider, the state fiscal year in which the appeal was decided.

(e) The division shall determine the amount of a claim under IC 12-16-5.5-1.2(b).

SECTION 51. IC 12-16-7.5-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. ~~(a) A payment made to a physician or a transportation provider under this chapter must be on a warrant drawn on the state hospital care for the indigent fund established by IC 12-16-14.~~

~~(b)~~ A payment made to a hospital under this chapter shall be made under IC 12-15-15-9 and IC 12-15-15-9.5.

SECTION 52. IC 12-16-7.5-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4.5. (a) Not later than October 31 following the end of each state fiscal year, the division shall:

(1) calculate for each county the total amount of payable claims submitted to the division during the state fiscal year attributed to:

(A) patients who were residents of the county; and

(B) patients:

(i) who were not residents of Indiana;

(ii) whose state of residence could not be determined by the division; and

(iii) who were residents of Indiana but whose county of residence in Indiana could not be determined by the division;

and whose medical condition that necessitated the care or

C  
o  
p  
y



- 1 service occurred in the county;
- 2 (2) notify each county of the amount of payable claims attributed
- 3 to the county under the calculation made under subdivision (1);
- 4 and
- 5 (3) with respect to payable claims attributed to a county under
- 6 subdivision (1):
  - 7 (A) calculate the total amount of payable claims submitted
  - 8 during the state fiscal year for:
    - 9 (i) each hospital;
    - 10 (ii) each physician; and
    - 11 (iii) each transportation provider; and
  - 12 (B) determine the amount of each payable claim for each
  - 13 hospital, physician, and transportation provider listed in clause
  - 14 (A).
- 15 (b) Before November 1 following the end of a state fiscal year, the
- 16 division shall allocate ~~the funds transferred from a county's hospital~~
- 17 ~~care for the indigent fund to the state hospital care for the indigent fund~~
- 18 ~~under IC 12-16-14 during or for the state fiscal year as required under~~
- 19 ~~the following STEPS:~~
  - 20 ~~STEP ONE: Determine the total amount of funds transferred from~~
  - 21 ~~a county's hospital care for the indigent fund by the county to the~~
  - 22 ~~state hospital care for the indigent fund under IC 12-16-14 during~~
  - 23 ~~or for the state fiscal year.~~
  - 24 ~~STEP TWO: Of the total amount of payable claims submitted to~~
  - 25 ~~the division during the state fiscal year attributed to the county~~
  - 26 ~~under subsection (a); determine the amount of total hospital~~
  - 27 ~~payable claims; total physician payable claims; and total~~
  - 28 ~~transportation provider payable claims. Of the amounts~~
  - 29 ~~determined for physicians and transportation providers; calculate~~
  - 30 ~~the sum of those amounts as a percentage of an amount equal to~~
  - 31 ~~the sum of the total payable physician claims and total payable~~
  - 32 ~~transportation provider claims attributed to all the counties~~
  - 33 ~~submitted to the division during the state fiscal year.~~
  - 34 ~~STEP THREE: Multiply three million dollars (\$3,000,000) by the~~
  - 35 ~~percentage calculated under STEP TWO.~~
  - 36 ~~STEP FOUR: Transfer to the Medicaid indigent care trust fund on~~
  - 37 ~~behalf of a county for purposes of IC 12-15-20-2(8)(D) in an~~
  - 38 ~~amount equal to the amount calculated under STEP ONE; minus~~
  - 39 ~~an amount equal to the amount calculated under STEP THREE.~~
  - 40 ~~determined by the division.~~
  - 41 ~~STEP FIVE: The division shall retain an amount equal to the~~
  - 42 ~~amount remaining in the state hospital care for the indigent fund~~

C  
o  
p  
y



after the transfer in STEP FOUR for purposes of making payments under section 5 of this chapter.

(c) The costs of administering the hospital care for the indigent program, including the processing of claims, shall be paid ~~from the funds transferred to the state hospital care for the indigent fund:~~ **by the state.**

SECTION 53. IC 12-16-7.5-5 IS AMENDED TO READ AS FOLLOWS: Sec. 5. Before December 15 following the end of each state fiscal year, the division shall ~~from the amounts combined from the counties' hospital care for the indigent funds and retained under section 4.5(b)~~ **STEP FIVE of this chapter**, pay each physician and transportation provider ~~a pro rata part of that amount: the payable claims as determined by the division under section 4.5(a)(3)(A)(ii) and 4.5(a)(3)(A)(iii) of this chapter.~~ The total payments available under this section may not exceed three million dollars (\$3,000,000).

SECTION 54. IC 12-19-7-1, AS AMENDED BY P.L.145-2006, SECTION 109, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. As used in this chapter, "child services" means the following:

(1) Child welfare services specifically provided for children who are:

(A) adjudicated to be:

- (i) children in need of services; or
- (ii) delinquent children; or

(B) recipients of or are eligible for:

- (i) informal adjustments;
- (ii) service referral agreements; and
- (iii) adoption assistance;

including the costs of using an institution or facility in Indiana for providing educational services as described in either IC 20-33-2-29 (if applicable) or IC 20-26-11-13 (if applicable), all services required to be paid by ~~a county~~ **the state** under IC 31-40-1-2, and all costs required to be paid by ~~a county~~ **the state** under IC 20-26-11-12.

(2) Assistance awarded by a county to a destitute child under IC 31-26-2.

(3) Child welfare services as described in IC 31-26-3.

SECTION 55. IC 12-19-7-3, AS AMENDED BY P.L.234-2005, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A family and children's fund is established in each county. The fund shall be ~~raised by a separate tax levy (the county family and children property tax levy) that:~~

C  
o  
p  
y



(1) is in addition to all other tax levies authorized; and  
 (2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items; awards; claims; allowances; assistance; and other expenses set forth in the annual budget under section 6 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected: **composed of funds distributed to the fund by the state.**

(c) (b) The following shall be paid into the county treasury and constitute the family and children's fund:

(1) All ~~receipts from the tax imposed~~ **state funds distributed to the fund** under this section.

(2) All grants-in-aid, whether received from the federal government or state government.

(3) Any other money required by law to be placed in the fund.

(d) The fund is available for the purpose of paying expenses and obligations set forth in the annual budget that is submitted and approved.

(e) Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 56. IC 12-19-7-7, AS AMENDED BY P.L.234-2005, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 7. The department shall, with the assistance of the judges of courts with juvenile jurisdiction in the county, after consulting with the division of family resources, and at the same time the budget is compiled and adopted, compute the **tax levy amount of state funding** that the department and judges determine will be required to raise the amount of revenue necessary to pay the expenses and obligations of the department set forth in the budget under section 6 of this chapter.

SECTION 57. IC 12-19-7-9, AS AMENDED BY P.L.234-2005, SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. The budget and the **tax levy amount of state funding** recommended by the department shall be:

(1) certified to the county auditor; **and**

(2) filed for consideration by the county fiscal body. **and**

(3) ~~filed with the department of local government finance.~~

SECTION 58. IC 12-19-7-11, AS AMENDED BY P.L.234-2005, SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. In September of each year, at the time provided by law, the county fiscal body shall ~~do the following:~~

C  
o  
p  
y





(+) make the appropriations out of the family and children's fund that are:

(A) (1) based on the budget as submitted; and

(B) (2) necessary to pay the child services of the county for the next fiscal year.

(2) Levy a tax in an amount necessary to produce the appropriated money.

SECTION 59. IC 12-19-7-11.1, AS AMENDED BY P.L.234-2005, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11.1. (a) The judges of the courts with juvenile jurisdiction in the county and the department shall meet with the county fiscal body at a public meeting:

(1) in April; and

(2) after June 30 and before October 1;

in each year.

(b) At a meeting required in subsection (a), the department shall present to the county fiscal body and the judges the following reports:

(1) Expenditures made:

(A) during the immediately preceding calendar quarter from the family and children's fund in comparison to one-fourth (1/4) of the budget and appropriations approved by the county fiscal body for the calendar year; and

(B) from the fund in the corresponding calendar quarter of each of the two (2) preceding calendar years.

(2) Obligations incurred through the end of the immediately preceding calendar quarter that will be payable from the family and children's fund during the remainder of the calendar year or in any subsequent calendar year.

(3) The number of children, by category, for whom the family and children's fund was required to provide funds for services during the immediately preceding calendar quarter, in comparison to the corresponding calendar quarter of each of the two (2) preceding calendar years.

(4) The number and type of out-of-home placements, by category, for which the family and children's fund was required to provide funds for foster home care or institutional placement, and the average daily, weekly, or monthly cost of out of home placement care and services by category, during the immediately preceding calendar quarter, in comparison to the corresponding calendar quarter of each of the two (2) preceding calendar years.

(5) The number of children, by category, for whom the family and children's fund was required to provide funds for services for

C  
o  
p  
y



children residing with the child's parent, guardian, or custodian (other than foster home or institutional placement), and the average monthly cost of those services, during the immediately preceding calendar quarter, in comparison to the corresponding calendar quarter for each of the two (2) preceding calendar years.

(c) In preparing the reports described in subsection (b), the department may use the best information reasonably available from the records of the department and the county family and children's fund.

(d) At each meeting described in subsection (a), the county fiscal body, judges, and department may

(1) discuss and suggest procedures to provide child welfare services in the most effective and cost-efficient manner. ~~and~~

(2) ~~consider actions needed, including revision of budgeting procedures, to eliminate or minimize any anticipated need for short term borrowing for the family and children's fund under any provisions of this chapter or IC 12-19-5.~~

SECTION 60. IC 12-19-7-15, AS AMENDED BY P.L.234-2005, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 15. ~~(a)~~ If at any time the department determines that the family and children's fund is exhausted or will be exhausted before the close of a fiscal year, the department shall prepare an estimate and statement showing the amount of money, in addition to the money already made available, that will be necessary to defray the expenses of the department and pay the obligations of the department, excluding administrative expenses and facilities, supplies, and equipment expenses for the department, in the administration of the department's activities for the unexpired part of the fiscal year.

~~(b) The department shall do the following:~~

~~(1) Certify the estimate and statement to the county executive;~~

~~(2) File the estimate and statement with the county auditor;~~

~~(3) File the estimate and statement with the department; of local government finance.~~

SECTION 61. IC 12-19-7.5-5, AS AMENDED BY P.L.234-2005, SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) A children's psychiatric residential treatment services fund is established in each county. The fund shall be raised by a separate tax levy (the county children's psychiatric residential treatment services property tax levy) that:

(1) is in addition to all other tax levies authorized; and

(2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items;

C  
o  
p  
y



awards, claims, allowances, assistance, and other expenses set forth in the annual budget under section 8 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected: **composed of funds distributed to the fund by the state.**

(c) (b) The following shall be paid into the county treasury and constitute the children's psychiatric residential treatment services fund:

(1) All receipts from the tax imposed state funds distributed to the fund under this section.

(2) All grants-in-aid, whether received from the federal government or state government.

(3) Any other money required by law to be placed in the fund.

(d) (c) The fund is available for the purpose of paying expenses and obligations set forth in the annual budget that is submitted and approved.

(e) (d) Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 62. IC 12-19-7.5-8, AS AMENDED BY P.L.234-2005, SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8. (a) For purposes of this section, "expenses and obligations incurred by the department" include all anticipated costs of children's residential psychiatric services that are equal to the state share of the cost of those services that are reimbursable under the state Medicaid plan.

(b) The department, upon the advice of the judges of the courts with juvenile jurisdiction in the county and after consulting with the division of family resources, shall annually compile and adopt a children's psychiatric residential treatment services budget, which must be in a form prescribed by the state board of accounts.

(c) The budget must contain an estimate of the amount of money that will be needed by the department during the fiscal year to defray the expenses and obligations incurred by the department in the payment of children's psychiatric residential treatment services for children who are residents of the county.

SECTION 63. IC 12-19-7.5-9, AS AMENDED BY P.L.234-2005, SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 9. The department shall, with the assistance of the judges of courts with juvenile jurisdiction in the county, after consulting with the division of family resources, and at the same time the budget is compiled and adopted, compute the **tax levy amount of state funding** that the director and judges determine will be required to raise the amount of revenue necessary to pay the expenses and

C  
o  
p  
y



obligations of the county office set forth in the budget under section 8 of this chapter.

SECTION 64. IC 12-19-7.5-11, AS AMENDED BY P.L.234-2005, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 11. The budget and ~~tax levy~~ **amount of state funding** recommended by the department shall be:

- (1) certified to the county auditor;
- (2) filed with the county fiscal body; and
- (3) filed with the department of local government finance.

SECTION 65. IC 12-19-7.5-13, AS AMENDED BY P.L.234-2005, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. In September of each year, at the time provided by law, the county fiscal body shall ~~do the following:~~

- ~~(1)~~ **(1)** make the appropriations out of the children's psychiatric residential treatment services fund that are:
  - ~~(A)~~ **(1)** based on the budget as submitted; and
  - ~~(B)~~ **(2)** necessary to pay the children's psychiatric residential treatment services of the county for the next fiscal year.
- ~~(2) Levy a tax in an amount necessary to produce the appropriated money.~~

SECTION 66. IC 12-19-7.5-14, AS AMENDED BY P.L.234-2005, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 14. ~~(a)~~ If at any time the department determines that the children's psychiatric residential treatment services fund is exhausted or will be exhausted before the close of a fiscal year, the department shall prepare an estimate and statement showing the amount of money, in addition to the money already made available, that will be necessary to defray the expenses of the county office and pay the obligations of the department, excluding administrative expenses and facilities, supplies, and equipment expenses for the department, in the administration of the department's activities for the unexpired part of the fiscal year.

~~(b) The department shall do the following:~~

- ~~(1) Certify the estimate and statement to the county executive.~~
- ~~(2) File the estimate and statement with the county auditor.~~
- ~~(3) File the estimate and statement with the department of local government finance.~~

SECTION 67. IC 16-35-4-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. The **state shall pay for services provided to** children with special health care needs. ~~state fund is established.~~

SECTION 68. IC 20-12-14-2, AS AMENDED BY P.L.2-2006,

C  
o  
p  
y



SECTION 70, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) Instruction in laboratory schools may be provided for preschool pupils, kindergarten pupils, special education pupils, and for all or a portion of the twelve (12) common school grades.

(b) Agreements may be entered into with local school units and educational organizations for the assignment of pupils to such laboratory schools, the payment of transfer fees, and contributions to the cost of establishing and maintaining the laboratory schools.

(c) A laboratory school that:

(1) is operated by a university under this chapter without an agreement described in subsection (b); and

(2) has an ADM of not more than seven hundred fifty (750);

shall be treated as a charter school for purposes of ~~total funding under IC 20-45-3 and state funding under IC 20-20-33 and IC 20-43.~~

(d) A pupil who attends a laboratory school full time may not be counted in ADM or ADA by any local school unit when ~~his~~ **the pupil's** attendance is not regulated under an agreement.

SECTION 69. IC 20-18-2-1.5, AS ADDED BY P.L.2-2006, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1.5. (a) "ADA", for purposes of this title (except IC 20-23-4-19), ~~and IC 20-45-7~~; means the average number of pupils in daily attendance in the school corporation, determined in accordance with the rules established by the state board.

(b) "ADA", for purposes of IC 20-23-4-19, has the meaning set forth in IC 20-23-4-19.

~~(c) "ADA", for purposes of IC 20-45-7, has the meaning set forth in IC 20-45-7-3.~~

SECTION 70. IC 20-24-7-2, AS AMENDED BY P.L.2-2006, SECTION 106, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) Not later than the date established by the department for determining ADM, and after May 31 each year, the organizer shall submit to the department the following information on a form prescribed by the department:

(1) The number of students enrolled in the charter school.

(2) The name and address of each student.

(3) The name of the school corporation in which the student has legal settlement.

(4) The name of the school corporation, if any, that the student attended during the immediately preceding school year.

(5) The grade level in which the student will enroll in the charter school.

C  
o  
p  
y



The department shall verify the accuracy of the information reported.

(b) This subsection applies after December 31 of the calendar year in which a charter school begins its initial operation. The department shall distribute to the organizer the state tuition support distribution. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution of state tuition support under IC 20-43-2 to other school corporations.

(c) The department shall provide to the department of local government finance the following information:

(1) For each county, the number of students who:

(A) have legal settlement in the county; and

(B) attend a charter school.

(2) The school corporation in which each student described in subdivision (1) has legal settlement.

(3) The charter school that a student described in subdivision (1) attends and the county in which the charter school is located.

(4) The amount of the tuition support levy determined under ~~IC 20-45-3-11~~ for each school corporation described in subdivision (2):

(5) The amount determined under STEP TWO of the following formula:

STEP ONE: Determine the product of:

(A) the target revenue per ADM (as defined in IC 20-43-1-26) determined for a charter school described in subdivision (3); multiplied by

(B) thirty-five hundredths (0.35):

STEP TWO: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the current ADM of a charter school described in subdivision (3):

(6) The amount determined under STEP THREE of the following formula:

STEP ONE: Determine the number of students described in subdivision (1) who:

(A) attend the same charter school; and

(B) have legal settlement in the same school corporation located in the county:

STEP TWO: Determine the subdivision (5) STEP ONE amount for a charter school described in STEP ONE (A):

STEP THREE: Determine the product of:

(A) the STEP ONE amount; multiplied by

C  
o  
p  
y



~~(B) the STEP TWO amount.~~

SECTION 71. IC 20-24-7-3, AS AMENDED BY P.L.2-2006, SECTION 107, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) This section applies to a conversion charter school.

(b) Not later than the date established by the department for determining ADM and after July 2, the organizer shall submit to a governing body on a form prescribed by the department the information reported under section 2(a) of this chapter for each student who:

(1) is enrolled in the organizer's conversion charter school; and

(2) has legal settlement in the governing body's school corporation.

(c) Beginning not more than sixty (60) days after the department receives the information reported under section 2(a) of this chapter, the department shall distribute to the organizer:

(1) tuition support and other state funding for any purpose for students enrolled in the conversion charter school;

(2) a proportionate share of state and federal funds received:

(A) for students with disabilities; or

(B) staff services for students with disabilities;

enrolled in the conversion charter school; and

(3) a proportionate share of funds received under federal or state categorical aid programs for students who are eligible for the federal or state categorical aid and are enrolled in the conversion charter school;

for the second six (6) months of the calendar year in which the conversion charter school is established. The department shall make a distribution under this subsection at the same time and in the same manner as the department makes a distribution to the governing body of the school corporation in which the conversion charter school is located. A distribution to the governing body of the school corporation in which the conversion charter school is located is reduced by the amount distributed to the conversion charter school. This subsection does not apply to a conversion charter school after December 31 of the calendar year in which the conversion charter school is established.

(d) This subsection applies beginning with the first property tax distribution described in IC 6-1.1-27-1 to the governing body of the school corporation in which a conversion charter school is located after the governing body receives the information reported under subsection (b). Not more than ten (10) days after the governing body receives a property tax distribution described in IC 6-1.1-27-1, the governing body shall distribute to the conversion charter school the amount

C  
o  
p  
y



determined under STEP THREE of the following formula:

STEP ONE: Determine the quotient of:

(A) the number of students who:

(i) are enrolled in the conversion charter school; and

(ii) were counted in the ADM of the previous year for the school corporation in which the conversion charter school is located; divided by

(B) the current ADM of the school corporation in which the conversion charter school is located:

In determining the number of students enrolled under clause (A)(i), each kindergarten student shall be counted as one-half (1/2) student.

STEP TWO: Determine the total amount of the following revenues to which the school corporation in which the conversion charter school is located is entitled for the second six (6) months of the calendar year in which the conversion charter school is established:

(A) Revenues obtained by the school corporation's:

(i) general fund property tax levy; and

(ii) excise tax revenue (as defined in IC 20-43-1-12);

(B) The school corporation's certified distribution of county adjusted gross income tax revenue under IC 6-3.5-1.1 that is to be used as property tax replacement credits.

STEP THREE: Determine the product of:

(A) the STEP ONE amount; multiplied by

(B) the STEP TWO amount:

(c) Subsection (d) does not apply to a conversion charter school after the later of the following dates:

(1) December 31 of the calendar year in which the conversion charter school is established;

(2) Ten (10) days after the date on which the governing body of the school corporation in which the conversion charter school is located receives the final distribution described in IC 6-1.1-27-1 of revenues to which the school corporation in which the conversion charter school is located is entitled for the second six (6) months of the calendar year in which the conversion charter school is established.

(f) This subsection applies during the second six (6) months of the calendar year in which a conversion charter school is established. A conversion charter school may apply for an advance from the charter school advancement account under IC 20-49-7 in the amount determined under STEP FOUR of the following formula:

C  
o  
p  
y





STEP ONE: Determine the result under subsection (d) STEP ONE (A):

STEP TWO: Determine the difference between:

(A) the conversion charter school's current ADM; minus

(B) the STEP ONE amount:

STEP THREE: Determine the quotient of:

(A) the STEP TWO amount; divided by

(B) the conversion charter school's current ADM:

STEP FOUR: Determine the product of:

(A) the STEP THREE amount; multiplied by

(B) the quotient of:

(i) the subsection (d) STEP TWO amount; divided by

(ii) two (2):

SECTION 72. IC 20-24-7-4, AS AMENDED BY P.L.2-2006, SECTION 108, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. (a) Services that a school corporation provides to a charter school, including transportation, may be provided at not more than one hundred three percent (103%) of the actual cost of the services.

(b) This subsection applies to a sponsor that is a state educational institution described in IC 20-24-1-7(2). In a calendar year, a state educational institution may receive from the organizer of a charter school sponsored by the state educational institution an administrative fee equal to not more than three percent (3%) of the total amount the organizer receives during the calendar year

(1) under section 12 of this chapter; and

(2) from basic tuition support (as defined in IC 20-43-1-8).

SECTION 73. IC 20-26-11-6, AS ADDED BY P.L.1-2005, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) A school corporation may accept a transferring student without approval of the transferor corporation under section 5 of this chapter.

(b) A transfer may not be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established in section 13 of this chapter for the payment of transfer tuition by a transferor school corporation. However, the transferee school may not offset the amounts described in section 13(b) STEP TWO (B) through section 13(b) STEP TWO (D) of this chapter from the amount charged to the requesting parents or student.

(c) The tuition determined under subsection (b) must be paid by the parents or the student before the end of the school year in installments as determined by the transferee corporation.

C  
o  
p  
y



(d) Failure to pay a tuition installment is a ground for exclusion from school.

SECTION 74. IC 20-26-11-13, AS AMENDED BY P.L.2-2006, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 13. (a) As used in this section, the following terms have the following meanings:

(1) "Class of school" refers to a classification of each school or program in the transferee corporation by the grades or special programs taught at the school. Generally, these classifications are denominated as kindergarten, elementary school, middle school or junior high school, high school, and special schools or classes, such as schools or classes for special education, vocational training, or career education.

(2) "Special equipment" means equipment that during a school year:

(A) is used only when a child with disabilities is attending school;

(B) is not used to transport a child to or from a place where the child is attending school;

(C) is necessary for the education of each child with disabilities that uses the equipment, as determined under the individualized education program for the child; and

(D) is not used for or by any child who is not a child with disabilities.

(3) "Student enrollment" means the following:

(A) The total number of students in kindergarten through grade 12 who are enrolled in a transferee school corporation on a date determined by the state board.

(B) The total number of students enrolled in a class of school in a transferee school corporation on a date determined by the state board.

However, a kindergarten student shall be counted under clauses (A) and (B) as one-half (1/2) student. The state board may select a different date for counts under this subdivision. However, the same date shall be used for all school corporations making a count for the same class of school.

(b) Each transferee corporation is entitled to receive for each school year on account of each transferred student, except a student transferred under section 6 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

C  
o  
p  
y



STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for ~~except as provided in clause (C)~~, the calendar year in which the school year ends:

(A) State tuition support distributions.

~~(B) Property tax levies.~~

~~(C) Excise tax revenue (as defined in IC 20-43-1-12) received for deposit in the calendar year in which the school year begins.~~

~~(D)~~ (B) Allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana under a court order, the institution or facility shall charge the county office of the county of the student's legal settlement under IC 12-19-7 for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

(1) capital outlay;

(2) debt service;

(3) costs of transportation;

(4) salaries of board members;

(5) contracted service for legal expenses; and

(6) any expenditure that is made out of the general fund from extracurricular account receipts;

for the school year.

(d) The capital cost of special equipment for a school year is equal to:

C  
o  
p  
y



(1) the cost of the special equipment; divided by

(2) the product of:

(A) the useful life of the special equipment, as determined under the rules adopted by the state board; multiplied by

(B) the number of students using the special equipment during at least part of the school year.

(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the student enrollment of each class in the transferee corporation compared with the total student enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each school year by dividing:

(1) the transferee school corporation's operating costs for the class of school in which the transfer student is enrolled; by

(2) the student enrollment of the class of school in which the transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for less than the full school year of student attendance, the transfer tuition shall be calculated by the part of the school year for which the transferred student is enrolled. A school year of student attendance consists of the number of days school is in session for student attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. If an agreement cannot be reached, the amount shall be determined by the state board, and costs may be established, when in dispute, by the state board of accounts.

(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:

(1) the total amount of revenues received; by

(2) the ADM of the transferee school for the school year that ends in the calendar year in which the revenues are received.

However, for state tuition support distributions or any other state distribution computed using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the student count used to compute the

C  
o  
p  
y



1 state distribution.

2 (h) Instead of the payments provided in subsection (b), the  
3 transferor corporation or state owing transfer tuition may enter into a  
4 long term contract with the transferee corporation governing the  
5 transfer of students. The contract may:

6 (1) be entered into for a period of not more than five (5) years  
7 with an option to renew;

8 (2) specify a maximum number of students to be transferred; and

9 (3) fix a method for determining the amount of transfer tuition  
10 and the time of payment, which may be different from that  
11 provided in section 14 of this chapter.

12 (i) ~~If the A school corporation can meet the requirements of~~  
13 ~~IC 20-43-9-8;~~ it may negotiate transfer tuition agreements with a  
14 neighboring school corporation that can accommodate additional  
15 students. Agreements under this section may:

16 (1) be for one (1) year or longer; and

17 (2) fix a method for determining the amount of transfer tuition or  
18 time of payment that is different from the method, amount, or  
19 time of payment that is provided in this section or section 14 of  
20 this chapter.

21 A school corporation may not transfer a student under this section  
22 without the prior approval of the child's parent.

23 (j) ~~If a school corporation experiences a net financial impact with~~  
24 ~~regard to transfer tuition that is negative for a particular school year as~~  
25 ~~described in IC 20-45-6-8; the school corporation may appeal for an~~  
26 ~~excessive levy as provided under IC 20-45-6-8.~~

27 SECTION 75. IC 20-26-11-23, AS AMENDED BY P.L.2-2006,  
28 SECTION 132, IS AMENDED TO READ AS FOLLOWS  
29 [EFFECTIVE JANUARY 1, 2008]: Sec. 23. (a) If a transfer is ordered  
30 to commence in a school year, where the transferor corporation has net  
31 additional costs over savings (on account of any transfer ordered)  
32 allocable to the calendar year in which the school year begins, and  
33 where the transferee corporation does not have budgeted funds for the  
34 net additional costs, the net additional costs may be recovered by one  
35 (1) or more of the following methods in addition to any other methods  
36 provided by applicable law:

37 ~~(1) An emergency loan made under IC 20-48-1-7 to be paid; out~~  
38 ~~of the debt service levy and fund; or a loan from any state fund~~  
39 ~~made available for the net additional costs.~~

40 ~~(2) (1) An advance in the calendar year of state funds, which~~  
41 ~~would otherwise become payable to the transferee corporation~~  
42 ~~after such calendar year under law.~~

C  
o  
p  
y



~~(3)~~ (2) A grant or grants in the calendar year from any funds of the state made available for the net additional costs.

(b) The net additional costs must be certified by the department of local government finance, and any grant shall be made solely after affirmative recommendation of the school property tax control board. Repayment of any advance or loan from the state shall be made in accordance with IC 20-45-6-3. The use of any of the methods in this section does not subject the transferor corporation to IC 20-45-6-5 or IC 20-45-6-6.

SECTION 76. IC 20-31-11-6, AS AMENDED BY P.L.2-2006, SECTION 149, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. (a) A public school that receives a monetary award under this chapter may expend that award for any educational purpose for that school, except:

- (1) athletics;
- (2) salaries for school personnel; or
- (3) salary bonuses for school personnel.

(b) A monetary award may not be used to determine

~~(1) the maximum permissible tuition support levy under IC 20-45-3; or~~

~~(2) the state tuition support under IC 20-43~~

of the school corporation in which the school receiving the monetary award is located.

SECTION 77. IC 20-40-8-1, AS ADDED BY P.L.2-2006, SECTION 163, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. As used in this chapter, "calendar year distribution" means the sum of the following:

~~(1) A school corporation's~~

~~(A) state tuition support and~~

~~(B) maximum permissible tuition support levy (as defined in IC 20-45-1-15);~~

for the calendar year.

~~(2) The school corporation's excise tax revenue (as defined in IC 20-43-1-12) for the immediately preceding calendar year.~~

SECTION 78. IC 20-43-1-1, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. This article expires January 1, 2008: 2009.

SECTION 79. IC 20-43-1-8, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8. "Basic tuition support" means the part of a school corporation's state tuition support for basic

C  
o  
p  
y



1 programs determined under ~~IC 20-43-6-5~~ **IC 20-43-6-3**.

2 SECTION 80. IC 20-43-1-17, AS ADDED BY P.L.2-2006,  
3 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
4 [EFFECTIVE JANUARY 1, 2008]: Sec. 17. "Maximum permissible  
5 tuition support levy" ~~has the meaning set forth in IC 20-45-1-15~~. **means**  
6 **the maximum permissible tuition support levy that a school**  
7 **corporation is permitted to impose under IC 6-1.1-19-1.5 (before**  
8 **its repeal) or IC 20-45-3-11 (before its repeal).**

9 SECTION 81. IC 20-43-1-25, AS ADDED BY P.L.2-2006,  
10 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
11 [EFFECTIVE JANUARY 1, 2008]: Sec. 25. "State tuition support"  
12 means the amount of state funds to be distributed to a school  
13 corporation in any calendar year under this article for ~~all~~ **the following**  
14 grants, distributions, and awards: ~~described in IC 20-43-2-3~~.

15 **(1) Basic tuition support.**

16 **(2) Academic honors diploma awards.**

17 **(3) Primetime distributions.**

18 **(4) Special education grants.**

19 **(5) Vocational education grants.**

20 SECTION 82. IC 20-43-3-4, AS ADDED BY P.L.2-2006,  
21 SECTION 166, IS AMENDED TO READ AS FOLLOWS  
22 [EFFECTIVE JANUARY 1, 2008]: Sec. 4. (a) A school corporation's  
23 previous year revenue equals the amount determined under STEP TWO  
24 of the following formula:

25 STEP ONE: Determine the sum of the following:

26 (A) The school corporation's basic tuition support for the year  
27 that precedes the current year.

28 (B) The school corporation's maximum permissible tuition  
29 support levy for the calendar year that precedes the current  
30 year, made in determining the school corporation's adjusted  
31 tuition support levy for the calendar year.

32 (C) The school corporation's excise tax revenue for the year  
33 that precedes the current year by two (2) years.

34 STEP TWO: Subtract from the STEP ONE result an amount equal  
35 to the sum of the following:

36 (A) The reduction in the school corporation's state tuition  
37 support under any combination of subsection (b), subsection  
38 (c), IC 20-10.1-2-1 (before its repeal), or IC 20-30-2-4.

39 (B) In 2006, the amount of the school corporation's maximum  
40 permissible tuition support levy attributable to the levy  
41 transferred from the school corporation's general fund to the  
42 school corporation's referendum tax levy fund under

C  
o  
p  
y



IC 20-46-1-6.

(b) A school corporation's previous year revenue must be reduced if:

(1) the school corporation's state tuition support for special or vocational education is reduced as a result of a complaint being filed with the department after December 31, 1988, because the school program overstated the number of children enrolled in special or vocational education programs; and

(2) the school corporation's previous year revenue has not been reduced under this subsection more than one (1) time because of a given overstatement.

The amount of the reduction equals the amount the school corporation would have received in state tuition support for special and vocational education because of the overstatement.

(c) A school corporation's previous year revenue must be reduced if an existing elementary or secondary school located in the school corporation converts to a charter school under IC 20-5.5-11 before July 1, 2005, or IC 20-24-11 after June 30, 2005. The amount of the reduction equals the product of:

(1) the sum of the amounts distributed to the conversion charter school under ~~IC 20-5.5-7-3.5(c) and IC 20-5.5-7-3.5(d) before July 1, 2005, and IC 20-24-7-3(c); and IC 20-24-7-3(d) after June 30, 2005;~~ multiplied by

(2) two (2).

SECTION 83. IC 20-43-3-5, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) As used in this section, "school corporation" does not include a charter school.

(b) A school corporation's adjusted tuition support levy for a calendar year **before 2008** is the result determined using the following formula:

STEP ONE: Determine the school corporation's maximum permissible tuition support levy.

STEP TWO: Determine the sum of the following:

(A) An amount equal to the annual decrease in federal aid to impacted areas from the calendar year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(B) The part of the school corporation's maximum permissible tuition support levy for the calendar year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the

C  
o  
p  
y





preceding calendar year.

(C) The part of the school corporation's maximum permissible tuition support levy for the calendar year that is added to the school corporation's maximum permissible tuition support levy in the calendar year to provide revenue for one (1) or more charter schools attended by students with legal settlement in the school corporation.

STEP THREE: Determine the difference of:

(A) the STEP ONE amount; minus

(B) the STEP TWO amount.

SECTION 84. IC 20-43-5-3, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) This subsection does not apply to a charter school. A school corporation's complexity index is determined under the following formula:

STEP ONE: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of the population in the school corporation who are at least twenty-five (25) years of age with less than a twelfth grade education.

(2) Determine the quotient of:

(A) one thousand nineteen dollars (\$1,019); divided by

(B) four thousand five hundred seventeen dollars (\$4,517) in 2006 and four thousand five hundred sixty-three dollars (\$4,563) in 2007 **and 2008**.

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

STEP TWO: Determine the greater of zero (0) or the result of the following:

(1) Determine the percentage of the school corporation's students who were eligible for free lunches in the school year ending in 2005.

(2) Determine the quotient of:

(A) one thousand two hundred sixty dollars (\$1,260); divided by

(B) four thousand five hundred seventeen dollars (\$4,517) in 2006 and four thousand five hundred sixty-three dollars (\$4,563) in 2007 **and 2008**.

(3) Determine the product of:

(A) the subdivision (1) amount; multiplied by

(B) the subdivision (2) amount.

C  
o  
p  
y



1 STEP THREE: Determine the greater of zero (0) or the result of  
2 the following:

3 (1) Determine the percentage of the school corporation's  
4 students who were classified as limited English proficient in  
5 the school year ending in 2005.

6 (2) Determine the quotient of:

7 (A) four hundred fifty-two dollars (\$452); divided by

8 (B) four thousand five hundred seventeen dollars (\$4,517)

9 in 2006 and four thousand five hundred sixty-three dollars

10 (\$4,563) in 2007 **and 2008.**

11 (3) Determine the product of:

12 (A) the subdivision (1) amount; multiplied by

13 (B) the subdivision (2) amount.

14 STEP FOUR: Determine the greater of zero (0) or the result of the  
15 following:

16 (1) Determine the percentage of families in the school  
17 corporation with a single parent.

18 (2) Determine the quotient of:

19 (A) five hundred fifty-seven dollars (\$557); divided by

20 (B) four thousand five hundred seventeen dollars (\$4,517)

21 in 2006 and four thousand five hundred sixty-three dollars

22 (\$4,563) in 2007 **and 2008.**

23 (3) Determine the product of:

24 (A) the subdivision (1) amount; multiplied by

25 (B) the subdivision (2) amount.

26 STEP FIVE: Determine the greater of zero (0) or the result of the  
27 following:

28 (1) Determine the percentage of families in the school  
29 corporation with children who are less than eighteen (18) years  
30 of age and who have a family income level below the federal  
31 income poverty level (as defined in IC 12-15-2-1).

32 (2) Determine the quotient of:

33 (A) three hundred forty-seven dollars (\$347); divided by

34 (B) four thousand five hundred seventeen dollars (\$4,517)

35 in 2006 and four thousand five hundred sixty-three dollars

36 (\$4,563) in 2007 **and 2008.**

37 (3) Determine the product of:

38 (A) the subdivision (1) amount; multiplied by

39 (B) the subdivision (2) amount.

40 STEP SIX: Determine the sum of the results in STEP ONE  
41 through STEP FIVE.

42 STEP SEVEN: Determine the result of one (1) plus the STEP SIX

C  
o  
p  
y



result.

STEP EIGHT: This STEP applies if the STEP SEVEN result is equal to or greater than one and twenty-five hundredths (1.25). Determine the result of the following:

(1) Subtract one and twenty-five hundredths (1.25) from the STEP SEVEN result.

(2) Multiply the subdivision (1) result by five-tenths (0.5).

(3) Determine the result of:

(A) the STEP SEVEN result; plus

(B) the subdivision (2) result.

The data to be used in making the calculations under STEP ONE, STEP FOUR, and STEP FIVE of this subsection must be the data from the 2000 federal decennial census.

(b) A charter school's complexity index is the index determined under subsection (a) for the school corporation in which the charter school is located. However, the complexity index for Campagna Academy Charter School is the complexity index determined under subsection (a) for Gary Community School Corporation.

SECTION 85. IC 20-43-5-4, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 4. A school corporation's foundation amount for a calendar year is the result determined under STEP TWO of the following formula:

STEP ONE: Determine:

(A) four thousand five hundred seventeen dollars (\$4,517) in 2006; or

(B) four thousand five hundred sixty-three dollars (\$4,563) in 2007 **and 2008.**

STEP TWO: Multiply the STEP ONE amount by the school corporation's complexity index.

SECTION 86. IC 20-43-5-6, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. A school corporation's transition to foundation amount for a calendar year is equal to the result determined under STEP THREE of the following formula:

STEP ONE: Determine the difference of:

(A) the school corporation's foundation amount; minus

(B) the school corporation's previous year revenue foundation amount.

STEP TWO: Divide the STEP ONE result by:

(A) six (6) in 2006; or

(B) five (5) in 2007 **and 2008.**

C  
o  
p  
y



STEP THREE: A school corporation's STEP THREE amount is the following:

(A) For a charter school that has previous year revenue that is not greater than zero (0), the charter school's STEP THREE amount is the quotient of:

(i) the school corporation's guaranteed minimum revenue for the calendar year where the charter school is located; divided by

(ii) the school corporation's current ADM.

(B) The STEP THREE amount for a school corporation that is not a charter school described in clause (A) is the following:

(i) The school corporation's foundation amount for the calendar year, if the absolute value of the STEP ONE amount is less than or equal to fifty dollars (\$50).

(ii) For 2007 **and 2008**, the school corporation's foundation amount for the calendar year, if the foundation amount in 2006 equaled the school corporation's target revenue per ADM in 2006.

(iii) The sum of the school corporation's previous year revenue foundation amount and the greater of the school corporation's STEP TWO amount or fifty dollars (\$50), if the school corporation's STEP ONE amount is greater than fifty dollars (\$50).

(iv) The difference determined by subtracting the greater of the absolute value of the school corporation's STEP TWO amount or fifty dollars (\$50) from the school corporation's previous year revenue foundation amount, if the school corporation's STEP ONE amount is less than negative fifty dollars (-\$50).

SECTION 87. IC 20-43-6-1, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 1. Subject to the amount appropriated by the general assembly for state tuition support and IC 20-43-2, the amount that a school corporation is entitled to receive in basic tuition support for a year is the amount determined in section 53 of this chapter.

SECTION 88. IC 20-43-6-3, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A school corporation's total target revenue for a calendar year is the amount determined under the applicable provision of this section.

(b) This subsection applies to a school corporation that has target

C  
o  
p  
y



revenue per ADM for a calendar year that is not equal to the school corporation's foundation amount for the calendar year. The school corporation's total target revenue for a calendar year is equal to the school corporation's guaranteed minimum revenue for the calendar year.

(c) This subsection applies to a school corporation that has target revenue per ADM for a calendar year that is equal to the school corporation's foundation amount for the calendar year. The school corporation's total target revenue for a calendar year is the sum of the following:

(1) The school corporation's foundation amount for the calendar year multiplied by the school corporation's adjusted ADM for the current year.

(2) The amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(3) ~~The part of the school corporation's maximum permissible tuition support levy for the year that equals~~ The original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility or reopening an existing facility during the preceding year.

SECTION 89. IC 20-43-9-6, AS ADDED BY P.L.2-2006, SECTION 166, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 6. A school corporation's primetime distribution for a calendar year under this chapter is the amount determined by the following formula:

STEP ONE: Determine the applicable target pupil/teacher ratio for the school corporation as follows:

(A) If the school corporation's complexity index is less than one and one-tenth (1.1), the school corporation's target pupil/teacher ratio is eighteen to one (18:1).

(B) If the school corporation's complexity index is at least one and one-tenth (1.1) but less than one and two-tenths (1.2), the school corporation's target pupil/teacher ratio is fifteen (15) plus the result determined in item (iii) to one (1):

(i) Determine the result of one and two-tenths (1.2) minus the school corporation's complexity index.

(ii) Determine the item (i) result divided by one-tenth (0.1).

(iii) Determine the item (ii) result multiplied by three (3).

(C) If the school corporation's complexity index is at least one and two-tenths (1.2), the school corporation's target

C  
o  
p  
y



1 pupil/teacher ratio is fifteen to one (15:1).  
 2 STEP TWO: Determine the result of:  
 3 (A) the ADM of the school corporation in kindergarten  
 4 through grade 3 for the current school year; divided by  
 5 (B) the school corporation's applicable target pupil/teacher  
 6 ratio, as determined in STEP ONE.  
 7 STEP THREE: Determine the result of:  
 8 (A) the total target revenue for 2006, ~~and~~ 2007, **and 2008**  
 9 multiplied by seventy-five hundredths (0.75); divided by  
 10 (B) the school corporation's total ADM.  
 11 STEP FOUR: Determine the result of:  
 12 (A) the STEP THREE result; multiplied by  
 13 (B) the ADM of the school corporation in kindergarten  
 14 through grade 3 for the current school year.  
 15 STEP FIVE: Determine the result of:  
 16 (A) the STEP FOUR result; divided by  
 17 (B) the staff cost amount.  
 18 STEP SIX: Determine the greater of zero (0) or the result of:  
 19 (A) the STEP TWO amount; minus  
 20 (B) the STEP FIVE amount.  
 21 STEP SEVEN: Determine the result of:  
 22 (A) the STEP SIX amount; multiplied by  
 23 (B) the staff cost amount.  
 24 STEP EIGHT: Determine the greater of the STEP SEVEN amount  
 25 or the school corporation's guaranteed primetime amount.  
 26 STEP NINE: A school corporation's amount under this STEP is  
 27 the following:  
 28 (A) If the amount the school corporation received under this  
 29 chapter in the previous calendar year is greater than zero (0),  
 30 the amount under this STEP is the lesser of:  
 31 (i) the STEP EIGHT amount; or  
 32 (ii) the amount the school corporation received under this  
 33 chapter for the previous calendar year multiplied by one  
 34 hundred seven and one-half percent (107.5%).  
 35 (B) If the amount the school corporation received under this  
 36 chapter in the previous calendar year is not greater than zero  
 37 (0), the amount under this STEP is the STEP EIGHT amount.  
 38 SECTION 90. IC 20-44-2-2, AS ADDED BY P.L.2-2006,  
 39 SECTION 167, IS AMENDED TO READ AS FOLLOWS  
 40 [EFFECTIVE JANUARY 1, 2008]: Sec. 2. **Subject to the limitations**  
 41 **imposed by law**, each governing body may annually levy the amount  
 42 of taxes that:

C  
o  
p  
y



(1) in the judgment of the governing body; and  
 (2) after being made a matter of record in the minutes;  
 should be levied to produce income sufficient to conduct and carry on  
 the public schools committed to the governing body.

SECTION 91. IC 20-44-2-7 IS ADDED TO THE INDIANA CODE  
 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
 JANUARY 1, 2008]: **Sec. 7. A school corporation may not impose  
 an ad valorem property tax levy for the school corporation's  
 general fund.**

SECTION 92. IC 20-44-3-3, AS ADDED BY P.L.2-2006,  
 SECTION 167, IS AMENDED TO READ AS FOLLOWS  
 [EFFECTIVE JANUARY 1, 2008]: Sec. 3. (a) A school corporation's  
 levy excess is valid.

(b) ~~The general fund portion of~~ A school corporation's levy excess  
 may not be contested on the grounds that it exceeds the school  
 corporation's maximum permissible tuition support levy limit for the  
 applicable calendar year.

SECTION 93. IC 20-46-1-2, AS ADDED BY P.L.2-2006,  
 SECTION 169, IS AMENDED TO READ AS FOLLOWS  
 [EFFECTIVE JANUARY 1, 2008]: Sec. 2. As used in this chapter,  
 "excessive tax levy" ~~has the meaning set forth in IC 20-45-1-11.~~ **means  
 a school corporation's general fund property tax levy for a  
 calendar year before 2008 that exceeded the school corporation's  
 maximum permissible tuition support levy.**

SECTION 94. IC 20-46-1-7, AS ADDED BY P.L.2-2006,  
 SECTION 169, IS AMENDED TO READ AS FOLLOWS  
 [EFFECTIVE JANUARY 1, 2008]: Sec. 7. (a) This section applies to  
 a school corporation that added an amount to the school corporation's  
 base tax levy before 2002 as the result of the approval of an excessive  
 tax levy by the majority of individuals voting in a referendum held in  
 the area served by the school corporation under IC 6-1.1-19-4.5 (before  
 its repeal).

(b) A school corporation may adopt a resolution before September  
 21, 2005, to transfer the power of the school corporation to levy the  
 amount described in subsection (a) from the school corporation's  
 general fund to the school corporation's fund. A school corporation that  
 adopts a resolution under this section shall, as soon as practicable after  
 adopting the resolution, send a certified copy of the resolution to the  
 department of local government finance and the county auditor. A  
 school corporation that adopts a resolution under this section may, for  
 property taxes first due and payable after 2005, levy an additional  
 amount for the fund that does not exceed the amount of the excessive

C  
o  
p  
y



1 tax levy added to the school corporation's base tax levy before 2002.

2 (c) The power of the school corporation to impose the levy  
3 transferred to the fund under this section expires December 31, 2012,  
4 unless:

5 (1) the school corporation adopts a resolution to reimpose or  
6 extend the levy; and

7 (2) the levy is approved, before January 1, 2013, by a majority of  
8 the individuals who vote in a referendum that is conducted in  
9 accordance with the requirements in this chapter.

10 As soon as practicable after adopting the resolution under subdivision  
11 (1), the school corporation shall send a certified copy of the resolution  
12 to the county auditor and the department of local government finance.  
13 Upon receipt of the certified resolution, the tax control board shall  
14 proceed in the same manner as the tax control board would for any  
15 other levy being reimposed or extended under this chapter. However,  
16 if requested by the school corporation in the resolution adopted under  
17 subdivision (1), the question of reimposing or extending a levy  
18 transferred to the fund under this section may be combined with a  
19 question presented to the voters to reimpose or extend a levy initially  
20 imposed after 2001. A levy reimposed or extended under this  
21 subsection shall be treated for all purposes as a levy reimposed or  
22 extended under IC 6-1.1-19-4.5(c) (before its repeal) and this chapter,  
23 after June 30, 2006.

24 (d) ~~The school corporation's levy under this section may not be~~  
25 ~~considered in the determination of the school corporation's state tuition~~  
26 ~~support under IC 20-43 or the determination of the school corporation's~~  
27 ~~maximum permissible tuition support levy under IC 20-45-3.~~

28 SECTION 95. IC 20-46-1-8, AS ADDED BY P.L.2-2006,  
29 SECTION 169, IS AMENDED TO READ AS FOLLOWS  
30 [EFFECTIVE JANUARY 1, 2008]: Sec. 8. (a) ~~This section applies to~~  
31 ~~a school corporation that includes a request for a levy under this~~  
32 ~~chapter in an emergency In an appeal under IC 6-1.1-19, and~~  
33 ~~IC 20-45-6-2.~~

34 (b) ~~In addition to; or instead of; any recommendation that the tax~~  
35 ~~control board may make in an appeal; the tax control board may~~  
36 ~~recommend that the appellant school corporation be permitted to make~~  
37 ~~a levy for the ensuing calendar year under this chapter if the tax~~  
38 ~~control board concludes that the appellant school corporation~~  
39 ~~cannot, in a calendar year, carry out the public educational duty~~  
40 ~~committed to the appellant school corporation by law if the~~  
41 ~~appellant school corporation does not receive emergency financial~~  
42 ~~relief for the calendar year.~~

C  
o  
p  
y





SECTION 96. IC 20-46-1-18, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 18. A school corporation's levy may not be considered in the determination of the school corporation's state tuition support under IC 20-43 or the determination of the school corporation's maximum permissible tuition support levy under IC 20-45-3. **under this chapter is in addition to any other levy imposed by the school corporation. The limitation imposed on levies for the general fund under IC 20-44-2-7 does not apply to a levy imposed under this chapter.**

SECTION 97. IC 20-46-1-19, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 19. If a majority of the persons who voted in the referendum did not vote "yes" on the referendum question,

- (1) ~~the school corporation may not make any levy for its general fund other than a levy permitted under IC 20-45; and~~
- (2) another referendum under this section may not be held for one (1) year after the date of the referendum.

SECTION 98. IC 20-46-3-8, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8. A levy **under this chapter** is in addition to ~~and not part of, the school corporation's tuition support levy for purposes of determining the school corporation's maximum permissible tuition support levy under IC 20-45-3; any other levy imposed by the school corporation. The limitation imposed on levies for the general fund under IC 20-44-2-7 does not apply to a levy imposed under this chapter.~~

SECTION 99. IC 20-49-3-8, AS ADDED BY P.L.2-2006, SECTION 172, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 8. The fund may be used to make advances:

- (1) to school corporations, including school townships, under IC 20-49-4 and IC 20-49-5;
- (2) under IC 20-49-6; and
- (3) to charter schools under ~~IC 20-24-7-3(f) and~~ IC 20-49-7.

SECTION 100. IC 20-49-7-10, AS ADDED BY P.L.2-2006, SECTION 172, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 10. The amount of an advance for operational costs **of a charter school other than a conversion charter school during the second six (6) months of the calendar year in which the charter school begins its initial operation** may not

C  
o  
p  
y



1 exceed the amount determined under STEP THREE of the following  
2 formula:

3 STEP ONE: Determine the product of:

4 (A) the charter school's enrollment reported under  
5 IC 20-24-7-2(a); multiplied by

6 (B) the charter school's target revenue per ADM.

7 STEP TWO: Determine the quotient of:

8 (A) the STEP ONE amount; divided by

9 (B) two (2).

10 STEP THREE: Determine the product of:

11 (A) the STEP TWO amount; multiplied by

12 (B) one and fifteen-hundredths (1.15).

13 SECTION 101. IC 20-49-7-11, AS ADDED BY P.L.2-2006,  
14 SECTION 172, IS AMENDED TO READ AS FOLLOWS  
15 [EFFECTIVE JANUARY 1, 2008]: Sec. 11. The amount of an advance  
16 for operational costs **of a charter school, including a conversion**  
17 **charter school, during the second six (6) months of a calendar year**  
18 **in which the charter school's most recent enrollment reported**  
19 **under IC 20-24-7-2(a) divided by the charter school's previous**  
20 **year's ADM is at least one and fifteen-hundredths (1.15)** may not  
21 exceed the amount determined under STEP FOUR of the following  
22 formula:

23 STEP ONE: Determine the quotient of:

24 (A) the charter school's target revenue per ADM; divided by

25 (B) two (2).

26 STEP TWO: Determine the difference between:

27 (A) the charter school's current ADM; minus

28 (B) the charter school's ADM of the previous year.

29 STEP THREE: Determine the product of:

30 (A) the STEP ONE amount; multiplied by

31 (B) the STEP TWO amount.

32 STEP FOUR: Determine the product of:

33 (A) the STEP THREE amount; multiplied by

34 (B) one and fifteen-hundredths (1.15).

35 SECTION 102. IC 31-40-1-2 IS AMENDED TO READ AS  
36 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. ~~(a)~~ The county  
37 shall pay from the county family and children's fund the cost of:

38 (1) any services ordered by the juvenile court for any child or the  
39 child's parent, guardian, or custodian, other than secure detention;  
40 and

41 (2) returning a child under IC 31-37-23.

42 ~~(b) The county fiscal body shall provide sufficient money to meet~~

C  
o  
p  
y



1 the court's requirements.

2 SECTION 103. IC 31-40-1-7, AS AMENDED BY P.L.145-2006,  
3 SECTION 364, IS AMENDED TO READ AS FOLLOWS  
4 [EFFECTIVE JANUARY 1, 2008]: Sec. 7. (a) Amounts received as  
5 payment of support or reimbursement of the cost of services paid as  
6 provided in this chapter shall be distributed in the following manner:

7 (1) If any part of the cost of services was paid from federal funds  
8 under Title IV Part E of the Social Security Act (42 U.S.C. 671 et  
9 seq.), the amounts received shall first be applied as provided in 42  
10 U.S.C. 657 and 45 CFR 302.52.

11 (2) All amounts remaining after the distributions required by  
12 subdivision (1) shall be deposited in the family and children's  
13 fund (established by IC 12-19-7-3) **of the county that paid from**  
14 **which** the cost of the services **were paid.**

15 (b) Any money deposited in a county family and children's fund  
16 under this section shall be reported to the department, in the form and  
17 manner prescribed by the department, and shall be applied to the child  
18 services budget compiled and adopted by the county director for the  
19 next state fiscal year, in accordance with IC 12-19-7-6.

20 SECTION 104. IC 36-7-15.1-26.9, AS AMENDED BY P.L.2-2006,  
21 SECTION 192, IS AMENDED TO READ AS FOLLOWS  
22 [EFFECTIVE JANUARY 1, 2008]: Sec. 26.9. (a) The definitions set  
23 forth in section 26.5 of this chapter apply to this section.

24 (b) The fiscal officer of the consolidated city shall publish in the  
25 newspaper in the county with the largest circulation all determinations  
26 made under section 26.5 or 26.7 of this chapter that result in the  
27 allowance or disallowance of credits. The publication of a  
28 determination made under section 26.5 of this chapter shall be made  
29 not later than June 20 of the year in which the determination is made.  
30 The publication of a determination made under section 26.7 of this  
31 chapter shall be made not later than December 5 of the year in which  
32 the determination is made.

33 (c) If credits are granted under section 26.5(g) or 26.5(h) of this  
34 chapter, whether in whole or in part, property taxes on personal  
35 property (as defined in IC 6-1.1-1-11) that are equal to the aggregate  
36 amounts of the credits for all taxpayers in the allocation area under  
37 section 26.5(g) and 26.5(h) of this chapter shall be:

- 38 (1) allocated to the redevelopment district;
- 39 (2) paid into the special fund for that allocation area; and
- 40 (3) used for the purposes specified in section 26 of this chapter.

41 (d) The county auditor shall adjust the estimate of assessed  
42 valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing

C  
o  
p  
y



units in which the allocation area is located. The county auditor may amend this adjustment at any time before the earliest date a taxing unit must publish the unit's proposed property tax rate under IC 6-1.1-17-3 in the year preceding the year in which the credits under section 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to the assessed valuation shall be:

(1) calculated to produce an estimated assessed valuation that will offset the effect that paying personal property taxes into the allocation area special fund under subsection (c) would otherwise have on the ability of a taxing unit to achieve the taxing unit's tax levy in the following year; and

(2) used by the county board of tax adjustment, the department of local government finance, and each taxing unit in determining each taxing unit's tax rate and tax levy in the following year.

(e) The amount by which a taxing unit's levy is adjusted as a result of the county auditor's adjustment of assessed valuation under subsection (d), and the amount of the levy that is used to make direct payments to taxpayers under section 26.5(h) of this chapter, is not part of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to IC 6-1.1-20.

(f) The ad valorem property tax levy limits imposed by IC 6-1.1-18.5-3 and ~~IC 20-45-3~~ do not apply to ad valorem property taxes imposed that are used to offset the effect of paying personal property taxes into an allocation area special fund during the taxable year under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter. For purposes of computing the ad valorem property tax levy limits imposed under IC 6-1.1-18.5-3, and ~~IC 20-45-3~~, a taxing unit's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed to offset the effect of paying personal property taxes into an allocation area special fund under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter.

(g) Property taxes on personal property that are deposited in the allocation area special fund:

(1) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area; and

(2) may not be treated as property taxes used to pay interest or principal due on debt under IC 6-1.1-21-2(g)(1)(D).

SECTION 105. IC 36-10-13-5, AS AMENDED BY P.L.2-2006,

C  
o  
p  
y



SECTION 195, IS AMENDED TO READ AS FOLLOWS  
[EFFECTIVE JANUARY 1, 2008]: Sec. 5. (a) This section applies  
only to a school corporation in a county having a population of more  
than two hundred thousand (200,000) but less than three hundred  
thousand (300,000).

(b) To provide funding for a historical society under this section, the  
governing body of a school corporation may impose a tax of not more  
than five-tenths of one cent (\$0.005) on each one hundred dollars  
(\$100) of assessed valuation in the school corporation.

~~(c) A tax under this section is not subject to the maximum  
permissible tuition support levy limitations imposed on the school  
corporation by IC 20-45-3.~~

~~(d)~~ (c) The school corporation shall deposit the proceeds of the tax  
in a fund to be known as the historical society fund. The historical  
society fund is separate and distinct from the school corporation's  
general fund and may be used only to provide funds for a historical  
society under this section.

~~(e)~~ (d) Subject to section 6 of this chapter, the governing body of the  
school corporation may annually appropriate the money in the fund to  
be paid in semiannual installments to a historical society having  
facilities in the county.

SECTION 106. IC 36-10-13-7, AS AMENDED BY P.L.2-2006,  
SECTION 196, IS AMENDED TO READ AS FOLLOWS  
[EFFECTIVE JANUARY 1, 2008]: Sec. 7. (a) This section applies to  
school corporations in a county containing a city having a population  
of:

(1) more than one hundred fifty thousand (150,000) but less than  
five hundred thousand (500,000);

(2) more than one hundred twenty thousand (120,000) but less  
than one hundred fifty thousand (150,000);

(3) more than ninety thousand (90,000) but less than one hundred  
five thousand (105,000);

(4) more than one hundred five thousand (105,000) but less than  
one hundred twenty thousand (120,000); or

(5) more than seventy-five thousand (75,000) but less than ninety  
thousand (90,000).

(b) To provide funding for an art association under this section, the  
governing body of a school corporation may impose a tax of not more  
than five-tenths of one cent (\$0.005) on each one hundred dollars  
(\$100) of assessed valuation in the school corporation. ~~The tax is not  
subject to the maximum permissible tuition support levy limitations  
imposed on the school corporation by IC 20-45-3.~~

C  
o  
p  
y



(c) The school corporation shall deposit the proceeds of the tax imposed under subsection (b) in a fund to be known as the art association fund. The art association fund is separate and distinct from the school corporation's general fund and may be used only to provide funds for an art association under this section. The governing body of the school corporation may annually appropriate the money in the fund to be paid in semiannual installments to an art association having facilities in a city that is described in subsection (a), subject to subsection (d).

(d) Before an art association may receive payments under this section, the association's governing board must adopt a resolution that entitles:

(1) the governing body of the school corporation to appoint the school corporation's superintendent and director of art instruction as visitors who may attend all meetings of the association's governing board;

(2) the governing body of the school corporation to nominate individuals for membership on the association's governing board, with at least two (2) of the nominees to be elected;

(3) the school corporation to use the association's facilities and equipment for educational purposes consistent with the association's purposes;

(4) the students and teachers of the school corporation to tour the association's museum and galleries free of charge;

(5) the school corporation to borrow materials from the association for temporary exhibit in the schools;

(6) the teachers of the school corporation to receive normal instruction in the fine and applied arts at half the regular rates charged by the association; and

(7) the school corporation to expect exhibits in the association's museum that will supplement the work of the students and teachers of the corporation.

A copy of the resolution, certified by the president and secretary of the association, must be filed in the office of the school corporation before payments may be received.

(e) A resolution filed under subsection (d) is not required to be renewed annually. The resolution continues in effect until rescinded. An art association that complies with this section is entitled to continue to receive payments under this section as long as the art association complies with the resolution.

(f) If more than one (1) art association in a city that is described in subsection (a) qualifies to receive payments under this section, the

C  
o  
p  
y



governing body of the school corporation shall select the one (1) art association best qualified to perform the services described in subsection (d). A school corporation may select only one (1) art association to receive payments under this section.

SECTION 107. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2007]: IC 6-2.5-4-13; IC 6-2.5-5-16.5.

SECTION 108. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2008]: IC 6-1.1-19-13; IC 6-1.1-20.6-9; IC 6-1.1-21-2.5; IC 12-13-8; IC 12-13-9-2; IC 12-13-9-3; IC 12-16-14; IC 12-19-7-4; IC 12-19-7-16; IC 12-19-7-17; IC 12-19-7-18; IC 12-19-7-19; IC 12-19-7-20; IC 12-19-7-21; IC 12-19-7-22; IC 12-19-7-23; IC 12-19-7-24; IC 12-19-7-25; IC 12-19-7-26; IC 12-19-7-27; IC 12-19-7-28; IC 12-19-7-29; IC 12-19-7-30; IC 12-19-7-31; IC 12-19-7-32; IC 12-19-7-33; IC 12-19-7.5-6; IC 12-19-7.5-15; IC 12-19-7.5-16; IC 12-19-7.5-17; IC 12-19-7.5-18; IC 12-19-7.5-19; IC 12-19-7.5-20; IC 12-19-7.5-21; IC 12-19-7.5-22; IC 12-19-7.5-23; IC 12-19-7.5-24; IC 12-19-7.5-25; IC 12-19-7.5-26; IC 12-19-7.5-27; IC 12-19-7.5-28; IC 12-19-7.5-29; IC 12-19-7.5-30; IC 12-19-7.5-31; IC 12-19-7.5-32; IC 12-19-7.5-33; IC 16-35-3; IC 16-35-4-2; IC 16-35-4-3; IC 16-35-4-4; IC 16-35-4-5; IC 20-24-7-12; IC 20-43-1-16; IC 20-43-1-18; IC 20-43-2-2; IC 20-43-2-3; IC 20-43-2-4; IC 20-43-6-2; IC 20-43-6-4; IC 20-43-6-5; IC 20-43-6-6; IC 20-45.

SECTION 109. [EFFECTIVE JANUARY 1, 2008] (a) For purposes of calculating the maximum permissible ad valorem property tax levy under IC 6-1.1-18.5 for Lake County and Dearborn County in 2008, the department of local government finance shall reduce the maximum permissible ad valorem property tax levy for the preceding calendar year (as defined in IC 6-1.1-18.5-1) applicable to Lake County and Dearborn County by the amount of the county supplemental school financing property tax levy in each of these counties in 2007.

(b) Notwithstanding the effective date of IC 6-1.1-21.3, as added by this act, the procedures required under IC 6-1.1-21.3, as added by this act, to apply IC 6-1.1-21.3, as added by this act, to 2008 shall be carried out in 2007 as if IC 6-1.1-21.3, as added by this act, had been in effect for that year.

SECTION 110. [EFFECTIVE UPON PASSAGE] (a) IC 6-2.5-5-15.7, as added by this act, and:

- (1) IC 6-2.5-1-5;
- (2) IC 6-2.5-4-5;
- (3) IC 6-2.5-4-6;

C  
o  
p  
y



- 1           (4) IC 6-2.5-12-14;  
 2           (5) IC 6-2.5-12-15;  
 3           (6) IC 6-2.5-12-16;  
 4           (7) IC 6-8.1-15-13; and  
 5           (8) IC 6-8.1-15-14;  
 6       all as amended by this act, apply to retail transactions involving the  
 7       sale of utility service that occur after June 30, 2007.  
 8       (b) The department of state revenue may adopt any rules  
 9       necessary to implement IC 6-2.5-5-15.7, as added by this act, in the  
 10      same manner as emergency rules are adopted under  
 11      IC 4-22-2-37.1. Any rules adopted under this SECTION must be  
 12      adopted not later than June 1, 2007. A rule adopted under this  
 13      SECTION expires on the earlier of:  
 14          (1) the date the rule is adopted by the department of state  
 15          revenue under IC 4-22-2-24 through IC 4-22-2-36 to  
 16          implement IC 6-2.5-5-15.7, as added by this act; or  
 17          (2) January 1, 2009.  
 18      (c) This SECTION expires January 1, 2009.  
 19      SECTION 111. An emergency is declared for this act.

**C**  
**O**  
**P**  
**Y**

